



The Real Estate ANALYST

DECEMBER 26
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Editor

A concise easily digested periodic analysis based upon scientific research in real estate fundamentals and trends. Constantly measuring and reporting the basic economic factors responsible for changes in trends and values. ...Current Studies ... Surveys ... Forecasts

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VOLUME X

REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS

THE SMOKE CLEARS

THE smoke of Pearl Harbor has now cleared away sufficiently to make it possible to see the situation more clearly. What changes have occurred in the outlook of significance to real estate and construction? What will be the immediate and the long-run effects of the intensified war?

Probably the most striking of the early aspects will be the spottiness of these effects, geographically and by types of business. Some cities will boom, others will lag. Great scarcity of labor will exist in some defense cities, while many people will be unemployed in other places where transition to defense activity cannot be accomplished with speed. This spottiness will, of course, affect real estate and construction.

During the next few months the number of sales of real estate will decrease sharply, primarily because of the uncertainty about the draft. Many young couples who would normally set up housekeeping and be prospects for a home of their own will now defer any action until the draft status of the husband is more definitely determined. Of course, some people not interested in real estate before will now turn to it as an inflation hedge, but there will not be nearly enough of these to offset the others.

Non-defense building is definitely and finally out for the duration of the war, but defense building - during the next year especially - will be greater than is generally expected. There is a chance that total building for 1942 will be as great as it was in 1941. Defense housing will go forward at a rapid rate in defense cities but the attitude of the government is going to be that it must really be defense housing for defense workers actually employed on defense work. The entire emphasis will be on houses for rent rather than houses for sale; in fact, we may come to the point where priorities will be granted for rental housing only. If this comes about it will probably mean more direct government housing, as it is doubtful whether a sufficient quantity of private housing will be built for rent. During 1942 there will be tremendous additions to the cantonments to take care of a greatly enlarged armed force. Industrial plants will be enlarged wherever such enlargements can increase armament production.

Rents and values in most cities will continue a slow upward movement in spite of efforts to hold them down. Older buildings of almost all sorts are underpriced in relation to their cost of reproduction. This condition in itself would bring higher prices in a sufficient period of time. Building costs have shown little change in the last few months. In our reports we said many months ago that we would strike a period in which it seemed that government controls were working. Building costs will go considerably higher during 1942.

WAGE LEVELS AND EMPLOYMENT

IN March of this year Real Estate Analysts, Inc., charted the fluctuations of wages and employment in 83 cities. At that time the effect of the re-armament program was just beginning to be apparent. In a continuation of this study on pages 336 through 341 in this issue, the rapid rise is clearly shown -- dramatically so in the cases of such cities as San Diego and Wichita. It will be interesting to follow the effect that our own entry into the war will have on these levels in the future.

The large chart on page 336 gives the average (median) of the 83 cities for both wages and employment. The red area superimposed on each of these averages represents the spread between the highest and lowest figures in the 83 cities. On each of the city charts the national averages are repeated in red to facilitate the comparison of local levels with the averages of all cities.

On all of these charts the wage figures are charted in actual dollars. In order to use the same numerical scale for employment, 1000 rather than 100 was used as a base in 1937. By imagining a decimal point before the last figures on the scale it is easy to read this on the more familiar basis of 1937=100.0. The material we have used as the basis of our wage computation is taken from the monthly releases on employment and payrolls in identical establishments published by the Bureau of Labor Statistics. The average wage each month was computed by dividing the total payroll by the total number of employees.

It should be understood that the monthly wage figures as plotted on the charts represent the average weekly wage of men employed each month multiplied by 52. In many mechanical trades where men do not work every week out of the year, this would not correspond with the actual amount of wages received.

The material used in our index of employment was based both on the Federal Census of Business of 1935 and on the monthly releases on Employment and Payrolls of the Bureau of Labor Statistics. The base we have used in the Census of Business includes all manufacturing establishments, retail and wholesale distributors, office employment, mining and quarrying, construction, hotel and miscellaneous. It does not include proprietors; professional workers; those engaged in transportation, communication and educational work; public utility employees; federal, state, county and municipal employees; and agricultural workers. The index was prepared by dividing the average wage income per family by the average wage of employed persons. This was then converted to the 1937 base.

In connection with these charts we have prepared tables showing the percentage changes in wages and employment. The cities given in these tables are slightly different from those charted. Figures were not available for some of the 83 cities, and there are some additional cities. The table at the top of page 333 gives the average hourly wage rates in June 1941 and the percentage change in these rates for union journeymen, helpers and laborers in the building trades from June 1940 to June 1941. These figures are compiled from data accumulated by the U. S. Bureau of Labor Statistics. The cities are ranked according to percentage change in wages of journeymen. The table on Manufacturing Employment at the bottom of the page shows percentage change from June 1940 to September 1941 and is also based on the figures of the Bureau of Labor Statistics. These cities, too, are tabulated according to rank of percentage change.

UNION BUILDING-TRADES WAGE RATES **JOURNEYMEN, HELPERS AND LABORERS**

City	% Change 6/40-6/41 Jour. H.&L.		Aver. Hourly Wage Rates--1941 Jour. H.&L.		City	% Change 6/40-6/41 Jour. H.&L.		Aver. Hourly Wage Rates--1941 Jour. H.&L.	
Norfolk	+12.6	+18.8	\$1.190	\$0.572	Nashville	+ 3.7	+ 0.1	\$1.240	\$0.422
Richmond	10.7	0	1.180	0.510	Oklahoma City	3.7	0	1.304	0.547
Jacksonville	10.6	25.4	1.119	0.569	Worcester	3.6	0	1.239	0.764
Portland, Maine	10.5	7.8	0.996	0.706	Butte	3.5	10.1	1.486	0.966
York	10.3	- 0.6	1.054	0.611	Rochester, New York	3.5	4.6	1.413	0.764
South Bend	9.6	+13.0	1.382	0.874	Duluth	3.4	9.9	1.231	0.734
Detroit	9.1	6.2	1.511	0.880	Chicago	3.0	0.2	1.717	1.039
Mobile	8.3	20.0	1.219	0.533	Denver	2.8	0.3	1.462	0.776
Little Rock	8.2	6.8	1.190	*	El Paso	2.8	0	1.290	0.508
Charleston, W. Virginia	8.1	20.0	1.373	0.635	Madison	2.8	7.3	1.211	0.772
Youngstown	7.8	13.8	1.482	0.790	San Antonio	2.8	1.7	1.246	0.496
New Haven	7.7	11.4	1.367	0.853	Minneapolis	2.6	5.4	1.334	0.952
Memphis	7.6	14.9	1.312	0.654	Birmingham	2.5	16.7	1.308	0.545
Philadelphia	7.6	2.4	1.477	0.732	New Orleans	2.5	0.1	1.227	0.569
Buffalo	7.4	13.8	1.445	0.758	Pittsburgh	2.5	**	1.595	0.885
Cleveland	7.1	10.5	1.542	1.015	Spokane	2.5	0	1.328	0.893
Phoenix	6.8	17.6	1.268	0.781	Dayton	2.4	0	1.459	0.672
Salt Lake City	6.8	9.5	1.233	0.857	Jackson, Mississippi	2.4	*	1.165	*
Atlanta	6.7	7.6	1.203	*	Dallas	2.2	21.1	1.263	0.595
Davenport, R. Island & Mol.	6.4	13.5	1.341	0.806	Milwaukee	2.1	2.0	1.251	0.884
Columbus	6.2	0.3	1.362	0.668	Scranton	2.0	0	1.278	0.673
Portland, Oregon	6.2	8.9	1.303	0.848	Baltimore	1.9	9.4	1.338	0.686
Wichita	6.2	9.5	1.138	0.516	Indianapolis	1.7	4.6	1.377	0.809
Seattle	5.8	5.4	1.413	0.970	Providence	1.7	12.7	1.253	0.765
Grand Rapids	5.7	0.6	1.246	0.559	New York City	1.6	2.6	1.823	1.192
Newark	5.6	1.3	1.798	1.110	St. Paul	1.5	11.2	1.302	0.874
Charleston, S. Carolina	5.5	*	1.086	0.448	Cincinnati	1.4	4.4	1.462	0.861
Omaha	5.3	12.4	1.274	0.657	Washington	1.2	5.7	1.651	0.869
Los Angeles	5.1	19.3	1.275	0.821	Houston	1.1	0	1.302	0.634
Binghamton	5.0	14.4	1.295	0.715	Peoria	1.1	0.1	1.415	0.881
Erie	5.0	19.6	1.335	0.743	San Francisco	0.8	3.6	1.311	0.921
Tampa	4.9	0.1	1.116	0.457	St. Louis	0.7	4.3	1.524	0.950
Boston	4.6	0	1.479	0.884	Toledo	0.7	0.7	1.439	0.797
Louisville	4.6	8.6	1.323	0.630	Kansas City, Missouri	0.6	0	1.397	0.877
Springfield, Mass.	4.4	2.7	1.332	0.719	Des Moines	0.3	0	1.308	0.762
Reading	3.9	4.9	1.287	0.684	Manchester	0	15.5	1.121	0.795
Charlotte	3.7	*	0.998	0.389	* Insufficient data; ** less than 1/10%.				

MANUFACTURING EMPLOYMENT

Rank	City	% Change 6/40-9/41	Rank	City	% Change 6/40-9/41	Rank	City	% Change 6/40-9/41
1	San Diego	+137.4	29	Philadelphia	+27.7	57	Detroit	+19.1
2	Wichita	120.3	30	Birmingham	27.0	58	El Paso	19.0
3	Seattle	61.8	31	Dayton	26.8	59	Atlanta	18.6
4	Canton	58.8	32	Chattanooga	25.8	60	St. Paul	18.6
5	Bridgeport	54.6	33	Providence	25.7	61	Jersey City	18.0
6	San Francisco	49.8	34	Grand Rapids	25.2	62	New Orleans	17.7
7	Peoria	46.6	35	Worcester	25.1	63	Cincinnati	17.3
8	Tacoma	46.0	36	Indianapolis	25.0	64	Wilmington	17.1
9	Utica	41.5	37	Fall R. & N. Bedford	24.8	65	Minneapolis	15.0
10	Erie	41.0	38	Newark	24.8	66	Denver	15.8
11	Los Angeles	41.0	39	Chicago	24.1	67	Reading	15.2
12	Baltimore	40.7	40	Youngstown	24.0	68	New York City	12.4
13	Portland, Oregon	40.6	41	Toledo	23.4	69	Oklahoma City	12.2
14	South Bend	40.4	42	Yonkers	23.3	70	Omaha	11.5
15	Hartford	40.2	43	Syracuse	23.0	71	Houston	11.2
16	Akron	39.2	44	Pittsburgh	22.5	72	Duluth	10.8
17	Fort Wayne	38.0	45	Albany	22.2	73	Kansas City	10.8
18	Buffalo	37.5	46	Rochester	22.2	74	Tampa	9.9
19	Norfolk	36.2	47	Dallas	21.6	75	Richmond	9.8
20	Paterson	35.7	48	St. Louis	20.6	76	Evansville	9.7
21	New Haven	34.9	49	Knoxville	20.0	77	Washington	8.3
22	Cleveland	33.4	50	Memphis	19.7	78	Spokane	6.9
23	Boston	31.8	51	Nashville	19.5	79	San Antonio	6.0
24	Springfield, Mass.	31.8	52	Trenton	19.4	80	Scranton	5.5
25	Milwaukee	31.2	53	Fort Worth	19.3	81	Salt Lake City	2.4
26	Elizabeth	31.0	54	Tulsa	19.3	82	Des Moines	1.5
27	Jacksonville	28.0	55	Louisville	19.2	83	Flint*	-5.3
28	Columbus	27.9	56	Miami	19.2			

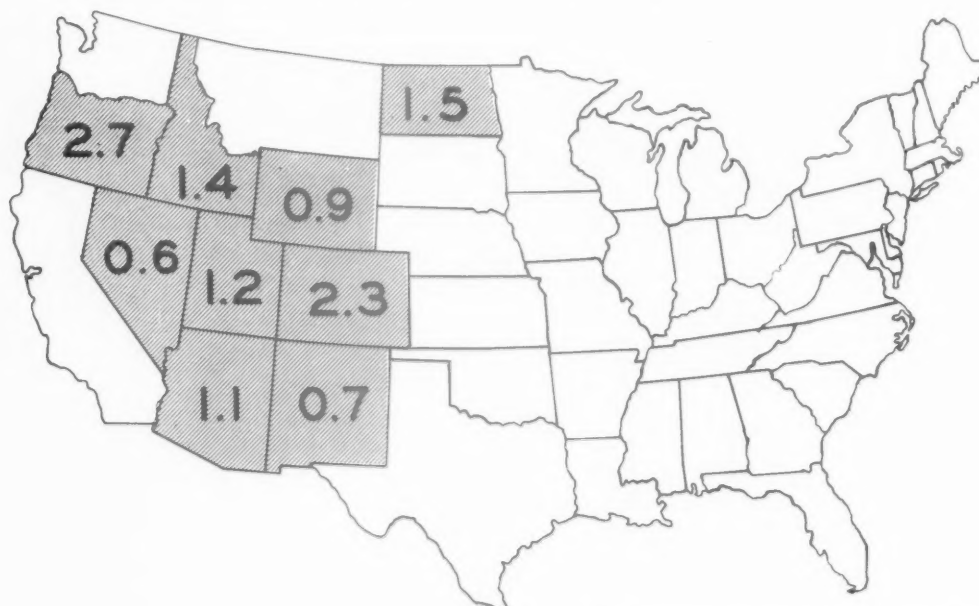
* Change from July, August, September 1940 to July, August, September 1941.

DEFENSE EXPENDITURES

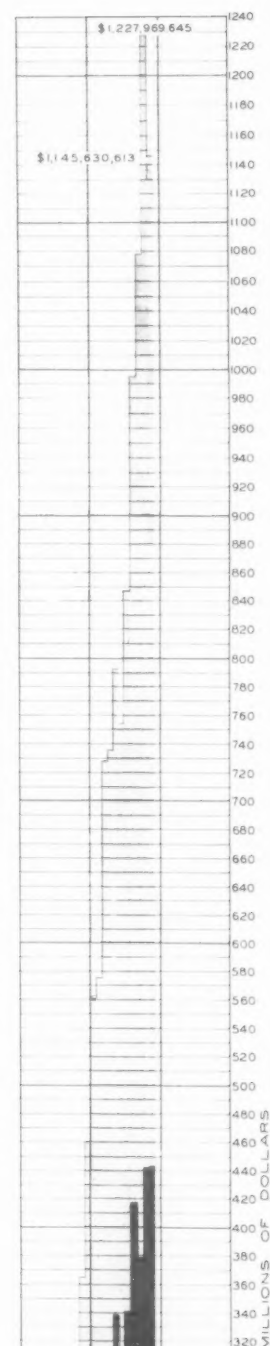
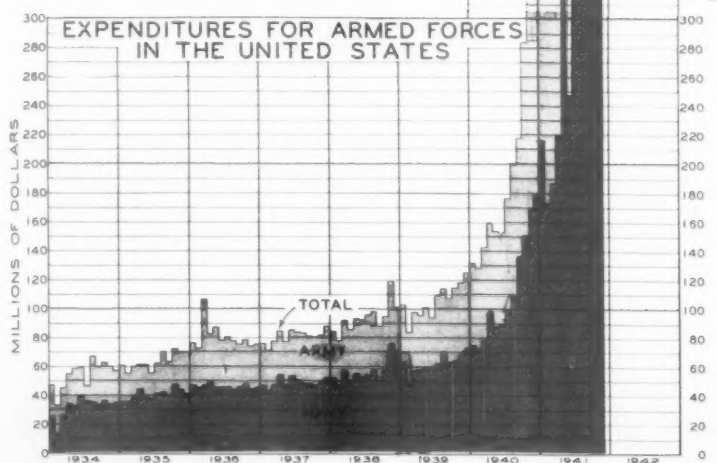
DURING November defense expenditures for the War and Navy Departments amounted to approximately \$1,146 million. This does not include many other defense and lease-lend expenditures, which would increase the total for the month to \$1,469 million.

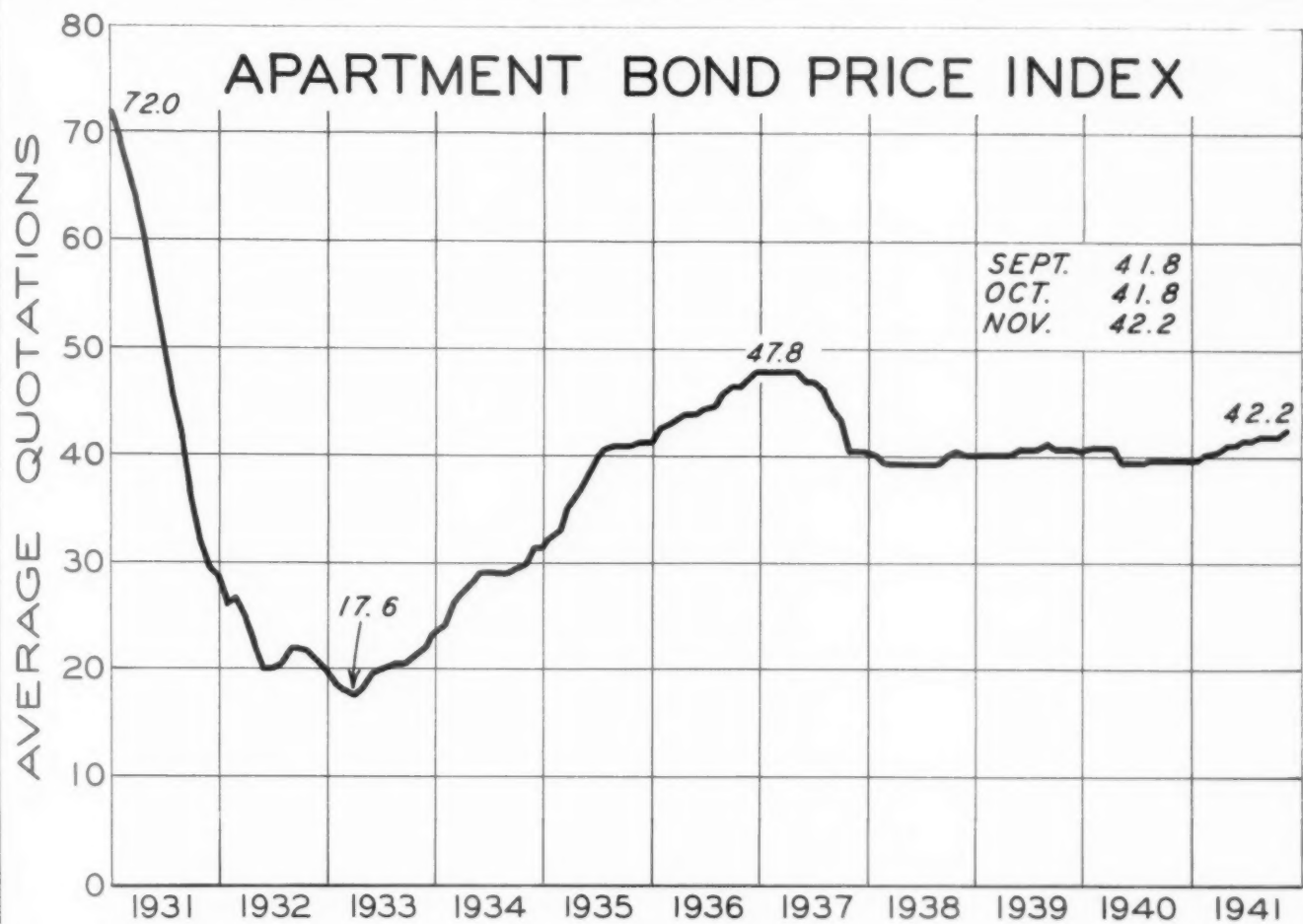
Now that we are actually at war, we will spend at a far faster rate. Officials in Washington are now talking about \$150 billion as the probable cost of the war to the United States, with expenditures of \$50 billion or more a year at the peak. Since the first of July 1940, when our defense program started, our expenditures have amounted to \$12,415 million. This is equivalent to the total of all wealth in the nine shaded states on the map below. "All wealth" includes the real estate, the railroads and public utilities, the furniture in the homes, the money in the banks and in the pockets of the people, the stocks of goods in the stores and everything else of value. North Dakota was added to our list of states last month.

This is not a criticism of these expenditures. In our



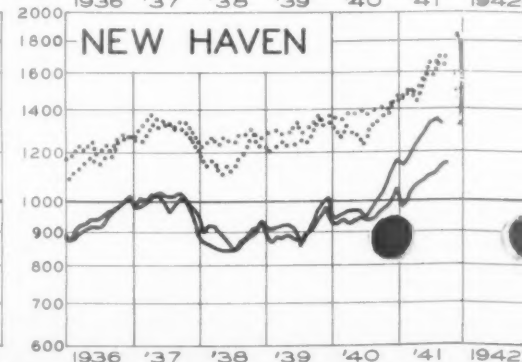
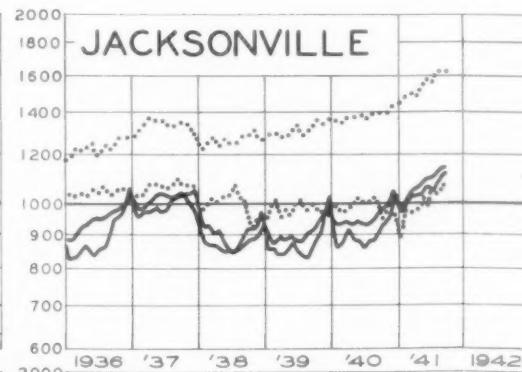
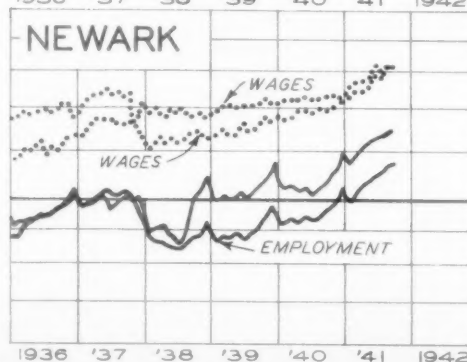
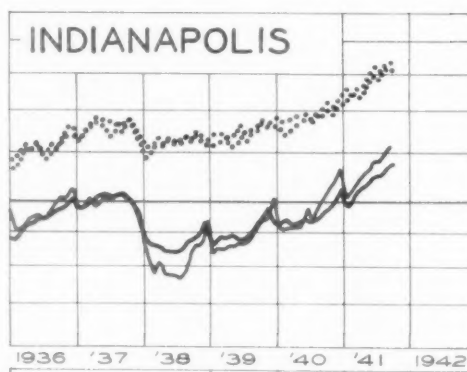
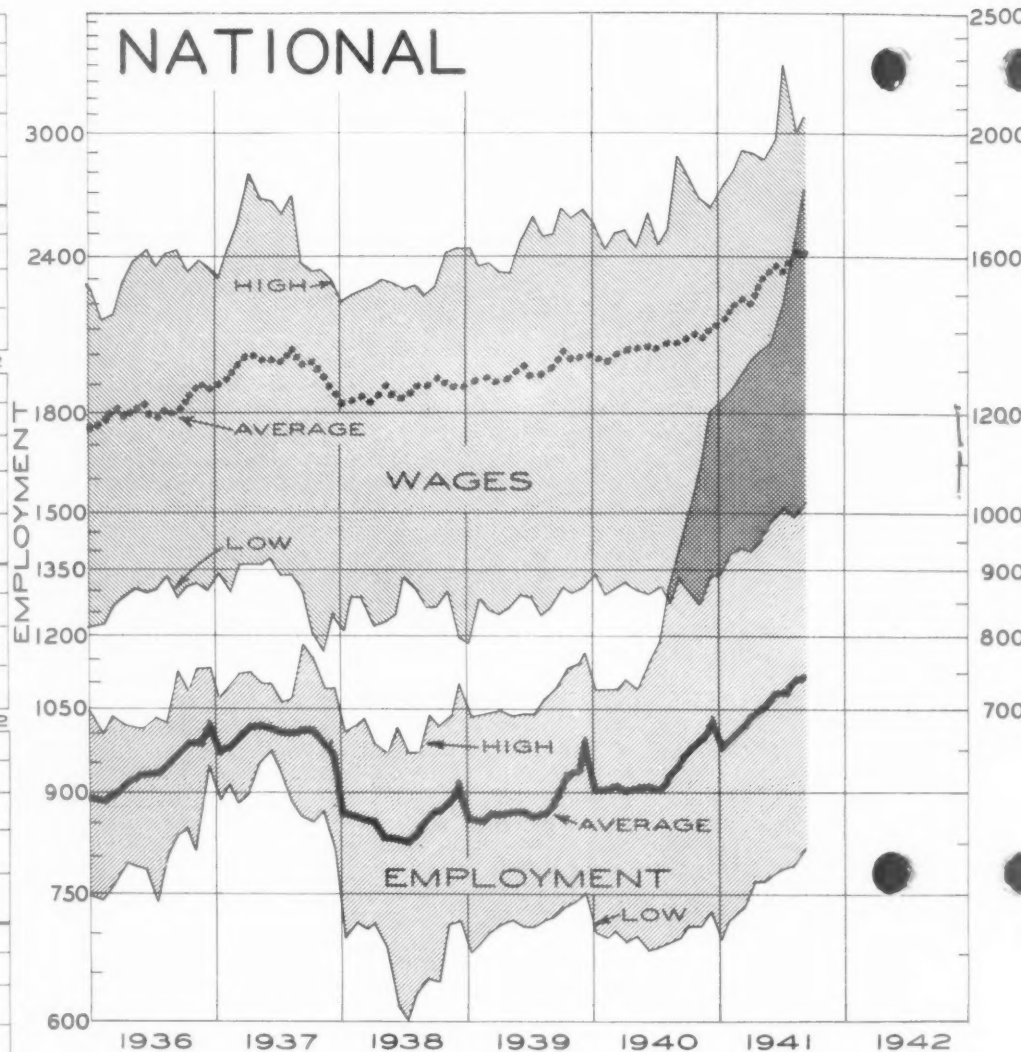
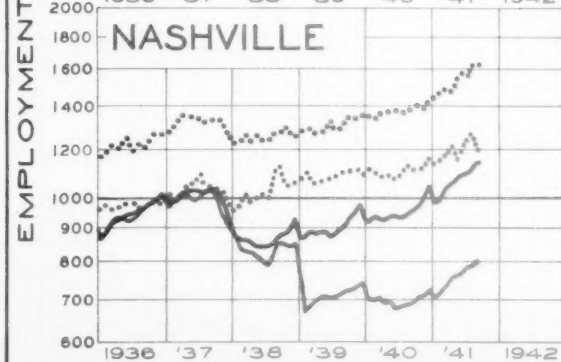
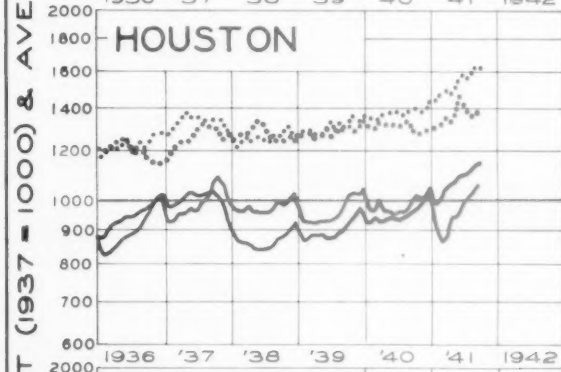
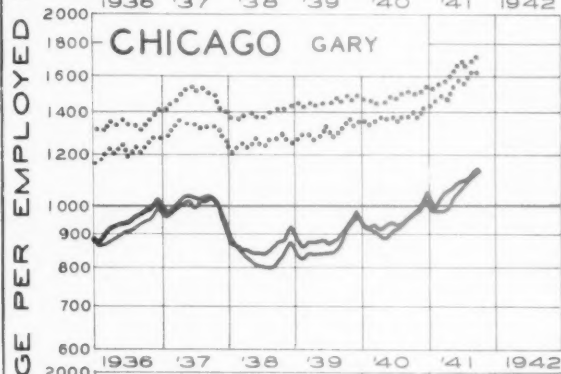
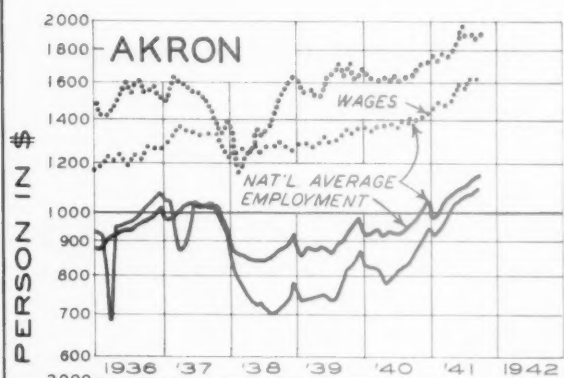
opinion the greatest mistake would be "to do too little too late." The point we are trying to make is that these expenditures will bring an inflation of our price structure which cannot be avoided. This inflation will gradually seep through our entire price structure. Its effect on real estate may be long delayed in some communities and rapid in others. The mistake that many will make will consist in being fooled by the lag.





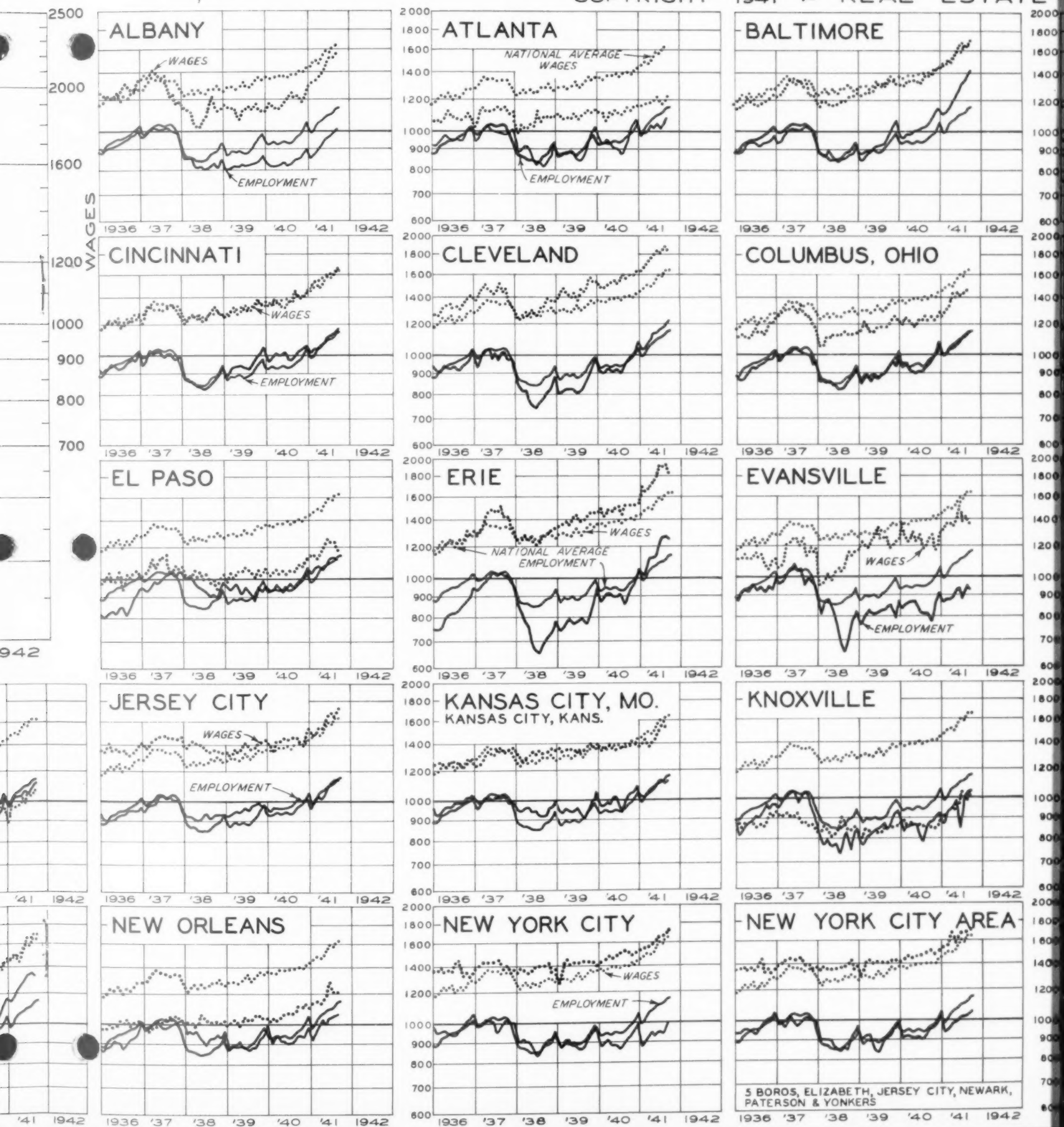
THE REAL ESTATE ANALYST INDEX OF RESIDENTIAL RENTS

1941																
	May		June		July		Aug.		Sept.		Oct.		Nov.		Dec.	
	Res.	Apt.	Res.	Apt.	Res.	Apt.	Res.	Apt.	Res.	Apt.	Res.	Apt.	Res.	Apt.	Res.	Apt.
National Index	\$8.64	\$11.88	\$8.71	\$11.88	\$8.78	\$11.90	\$8.86	\$11.96	\$8.94	\$12.01	\$8.98	\$12.06	\$9.01	\$12.10	\$9.05	\$12.19
Atlanta	8.15	11.30	8.25	11.30	8.32	11.30	8.44	11.44	8.49	11.43	8.49	11.53	8.54	11.60	8.57	11.70
Baltimore	8.09	10.70	8.25	10.76	8.46	10.91	8.61	11.00	8.86	11.18	8.91	11.30	8.80	11.40	8.81	11.50
Birmingham	6.76	10.02	6.79	10.01	6.80	10.01	6.97	10.03	7.15	10.03	7.35	10.02	7.54	10.09	7.75	10.13
Boston	8.53	14.49	8.52	14.45	8.65	14.61	8.73	14.69	8.86	14.91	8.98	14.96	9.04	14.98	9.14	15.00
Chicago	11.41	13.01	11.70	13.09	11.67	13.20	11.61	13.42	11.86	13.40	11.83	13.58	11.80	13.71	11.78	13.94
Cincinnati	10.11	13.10	10.40	12.98	10.42	12.99	10.48	13.00	10.60	13.01	10.59	13.10	10.59	13.11	10.59	13.16
Cleveland	10.04	13.09	10.25	13.15	10.36	13.29	10.46	13.42	10.53	13.52	10.64	13.61	10.73	13.73	10.73	13.80
Columbus	7.29	11.05	7.41	11.02	7.54	11.03	7.70	11.02	7.75	11.01	7.76	11.06	7.80	11.10	7.80	11.02
Denver	7.65	12.43	7.75	12.41	7.84	12.40	7.91	12.40	7.90	12.41	7.86	12.42	7.89	12.41	7.89	12.40
Detroit	9.66	12.01	9.80	12.10	9.96	12.19	9.73	12.32	10.10	12.58	10.02	12.62	10.00	12.66	10.03	12.79
Houston	7.87	10.30	7.88	10.23	7.91	10.20	7.97	10.19	8.02	10.19	8.04	10.19	8.09	10.15	8.16	10.12
Kansas City	6.25	7.13	6.39	7.12	6.46	7.19	6.51	7.23	6.53	7.35	6.48	7.48	6.43	7.63	6.47	7.75
Los Angeles	10.93	11.29	10.92	11.29	10.91	11.30	10.98	11.26	10.99	11.30	11.03	11.30	11.19	11.48	11.36	11.45
Milwaukee	9.05	10.87	9.05	10.86	9.09	10.89	9.20	10.88	9.25	10.98	9.41	11.13	9.38	11.16	9.43	11.20
Minneapolis	8.14	10.23	8.14	10.22	8.25	10.23	8.29	10.35	8.21	10.30	8.20	10.26	8.15	10.25	8.10	10.26
New Orleans	8.61	10.36	8.78	10.45	8.91	10.40	9.05	10.38	9.07	10.33	9.14	10.36	9.25	10.41	9.30	10.48
New York	12.40	18.99	12.42	19.08	12.40	19.16	12.60	19.35	12.70	19.39	12.77	19.39	12.69	19.29	12.70	19.21
Omaha	7.01	11.54	7.13	11.55	7.24	11.50	7.30	11.45	7.36	11.60	7.43	11.71	7.46	11.71	7.41	11.75
Philadelphia	7.16	14.02	7.36	14.18	7.38	14.26	7.46	14.25	7.50	14.30	7.58	14.25	7.54	14.21	7.59	14.21
Pittsburgh	9.31	12.28	9.28	12.33	9.28	12.36	9.31	12.58	9.30	12.69	9.40	12.69	9.44	12.60	9.42	12.56
Richmond	8.47	11.49	8.42	11.52	8.36	11.50	8.45	11.53	8.34	11.43	8.30	11.36	8.41	11.30	8.49	11.30
Saint Louis	8.38	10.90	8.48	10.92	8.60	10.89	8.91	11.00	9.03	11.03	9.09	11.10	9.15	11.29	9.14	11.48
Salt Lake City	7.83	10.80	7.84	10.78	7.91	10.70	8.07	10.80	8.10	10.70	8.19	10.69	8.17	10.90	8.22	11.01
San Francisco	9.86	13.01	9.89	13.00	9.91	12.98	9.95	12.98	9.90	12.91	9.90	12.90	9.85	12.93	9.99	12.99
Seattle	8.05	11.97	8.09	11.92	8.20	12.00	8.17	12.13	8.41	12.30	8.53	12.57	8.87	12.79	9.04	13.00
Tulsa	7.29		7.27		7.30		7.48		7.46		7.47		7.53		7.51	



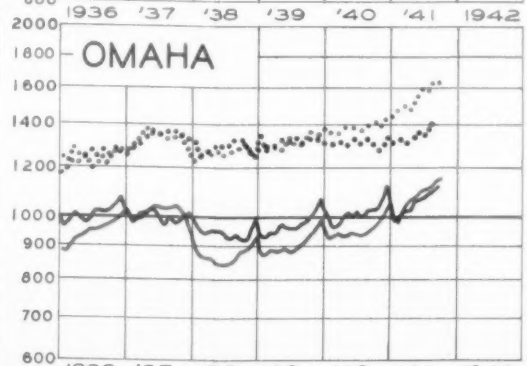
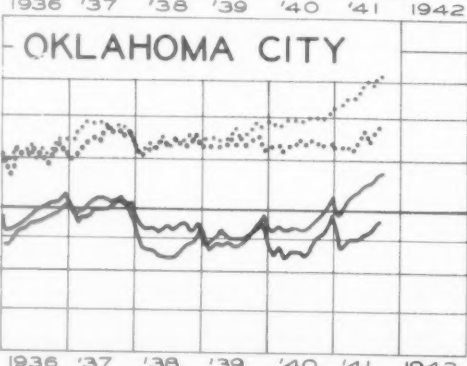
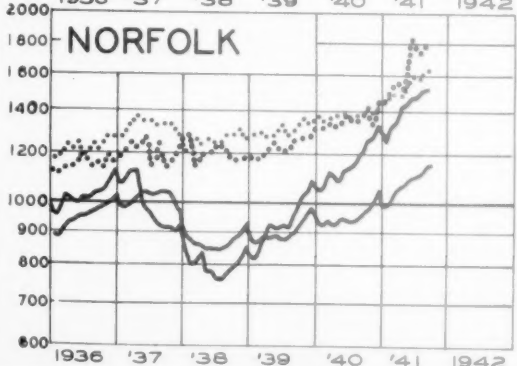
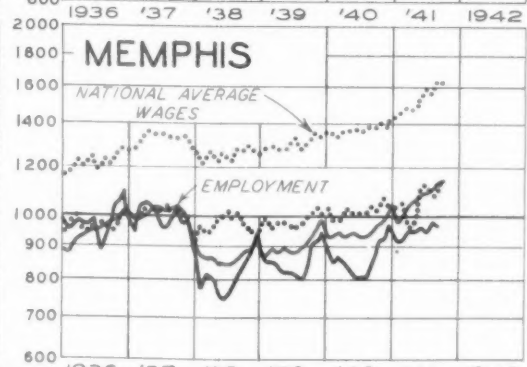
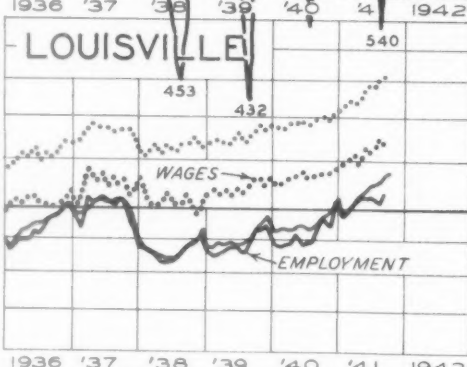
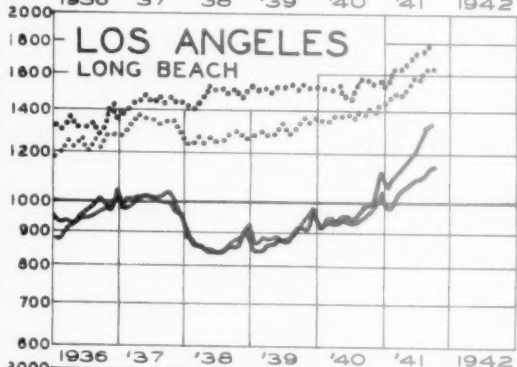
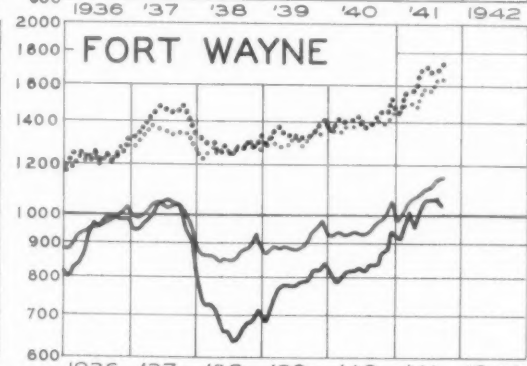
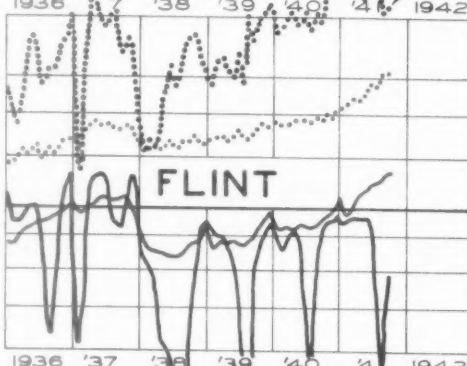
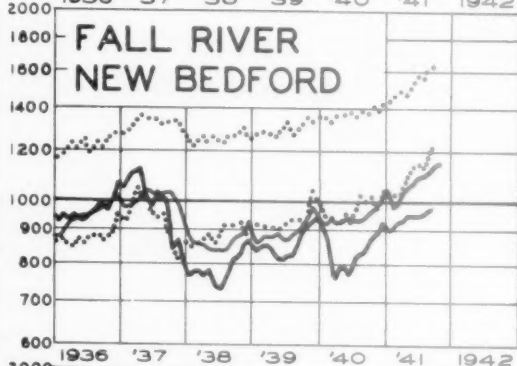
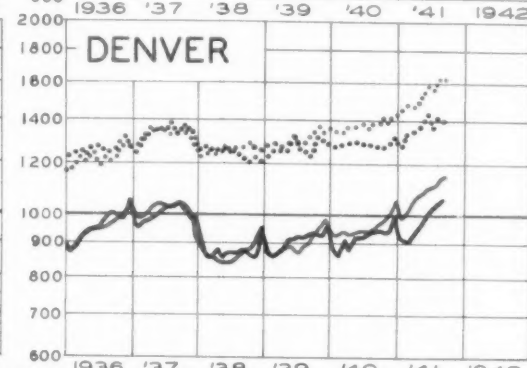
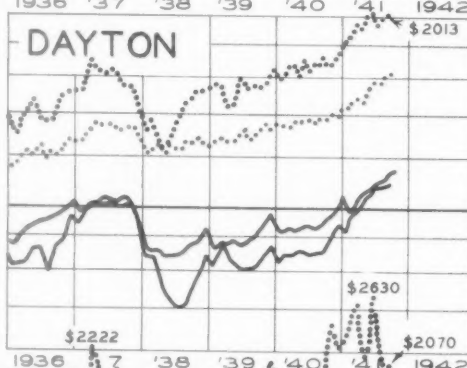
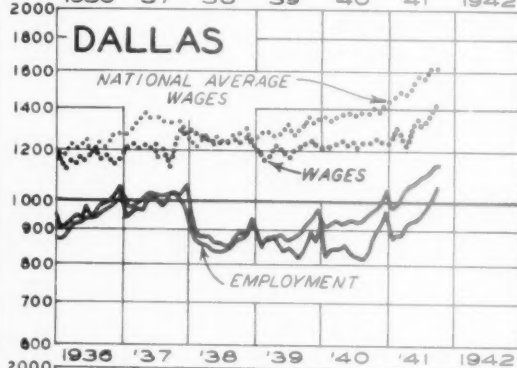
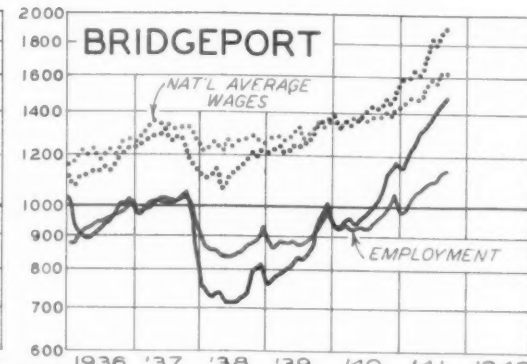
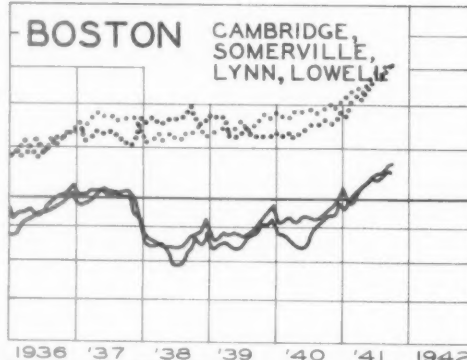
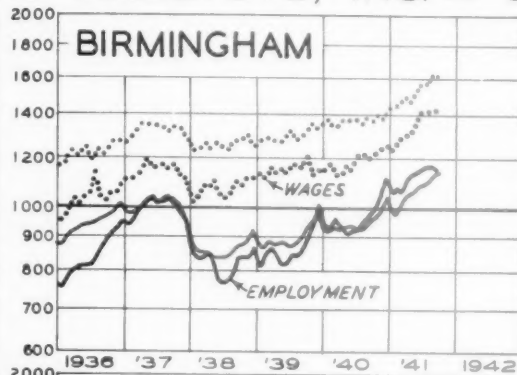
EMPLOYMENT AND AVERAGE ANNUAL WAGES

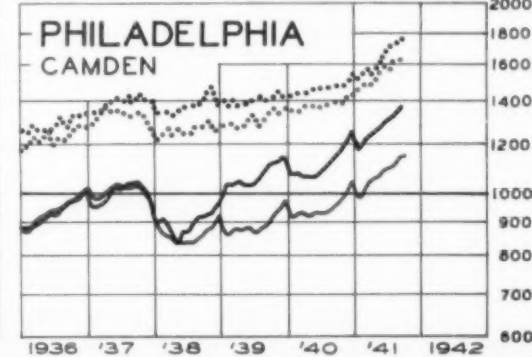
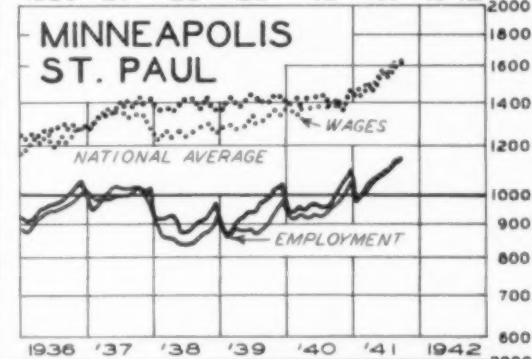
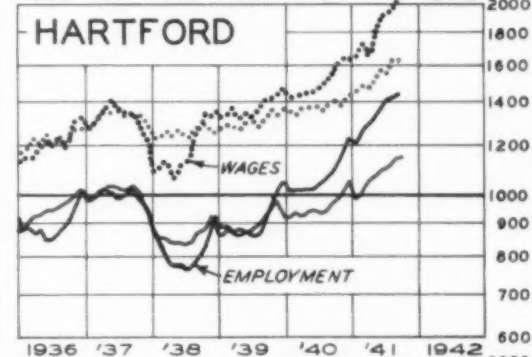
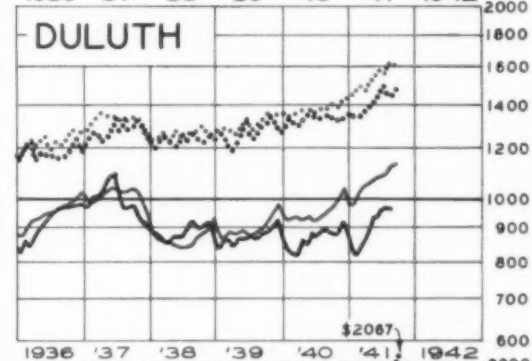
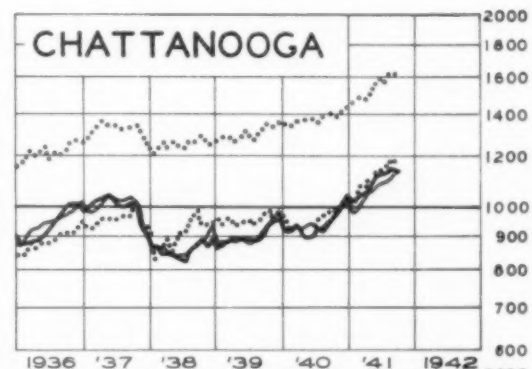
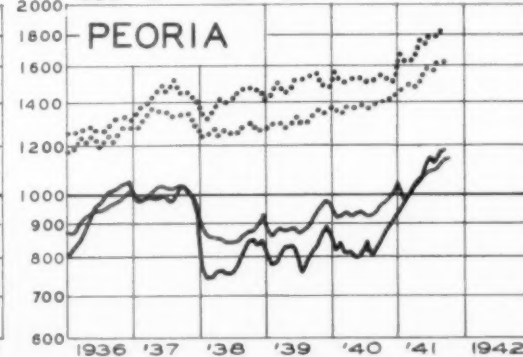
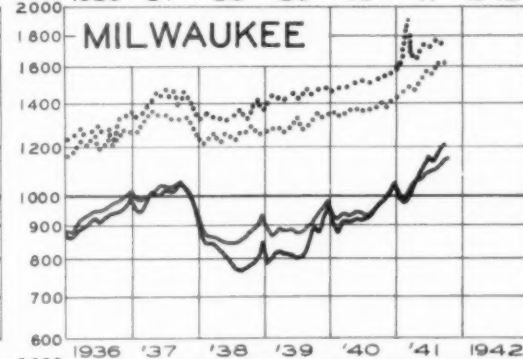
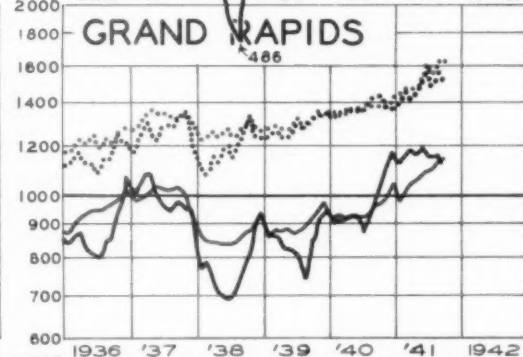
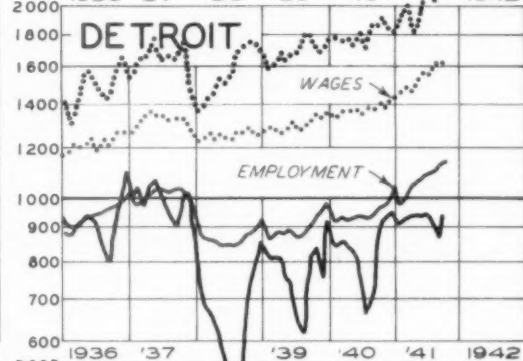
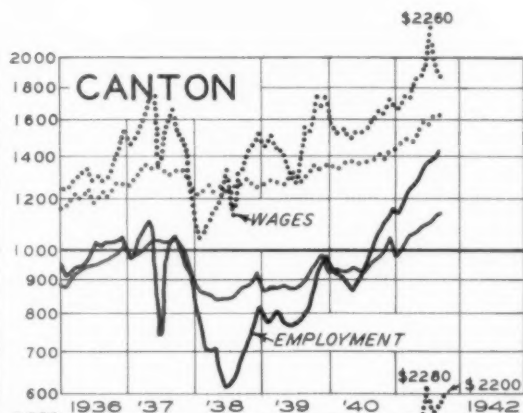
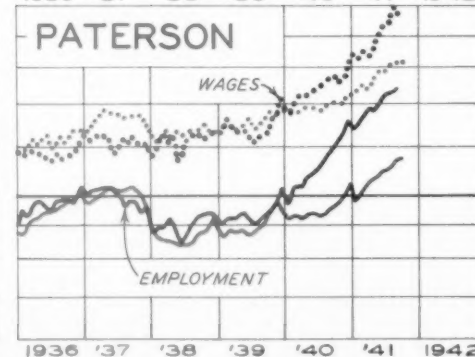
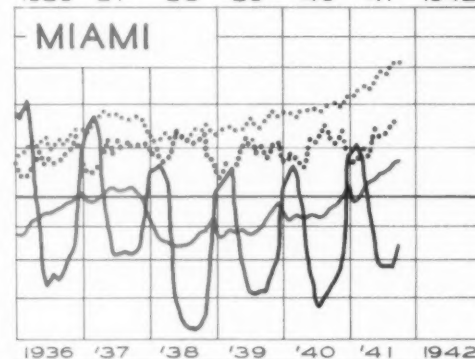
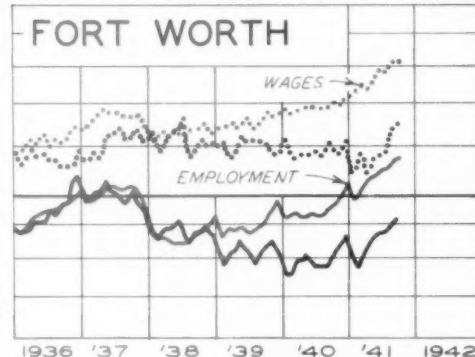
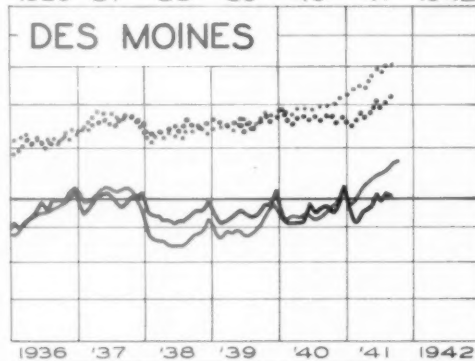
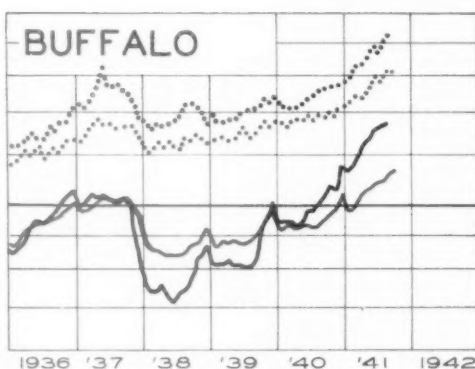
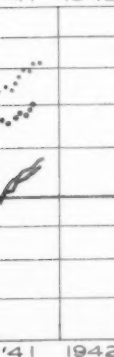
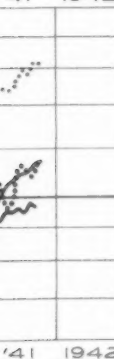
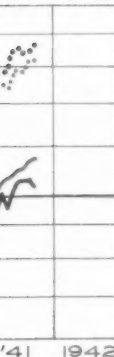
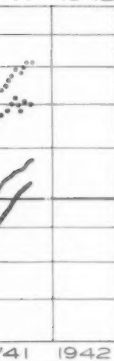
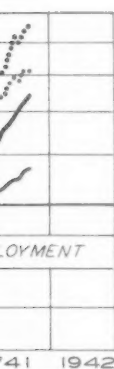
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ANNUAL WAGE IN 83 METROPOLITAN AREAS

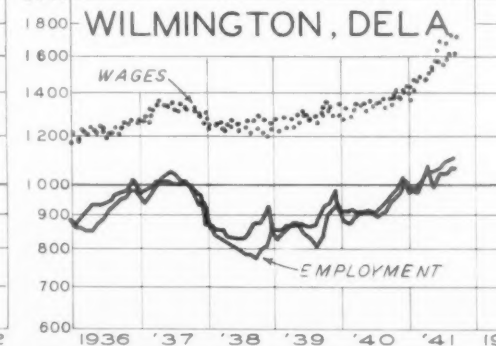
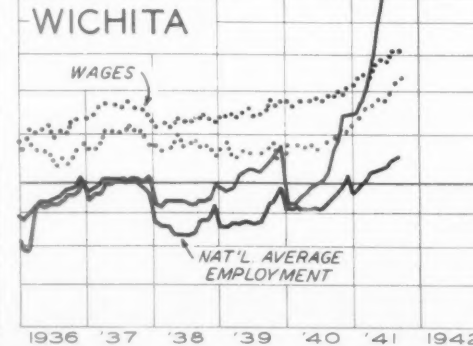
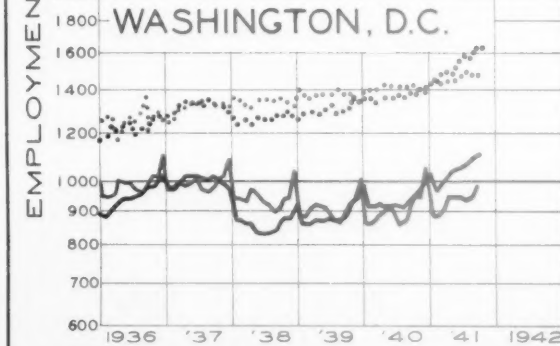
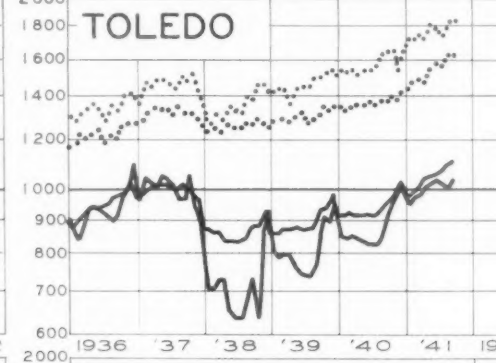
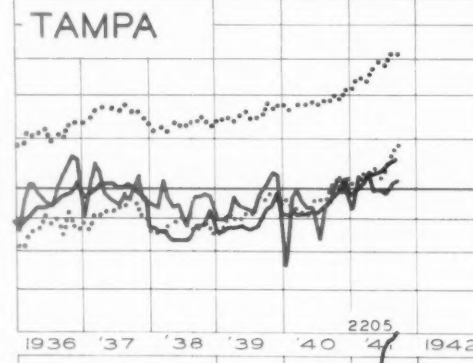
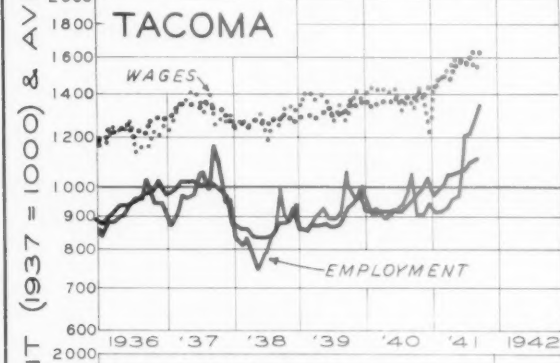
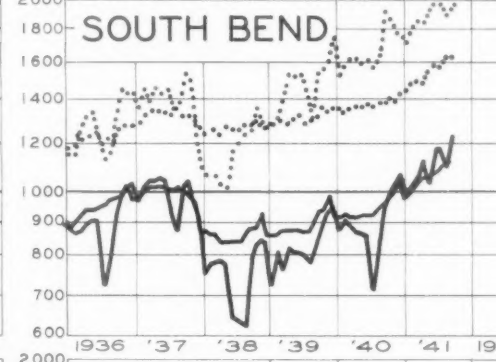
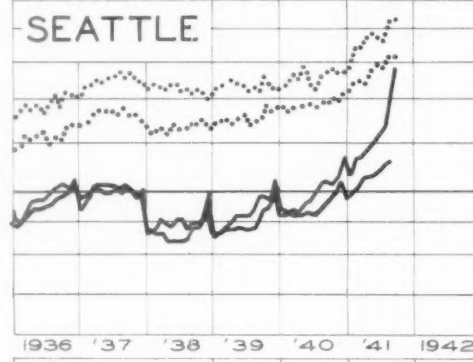
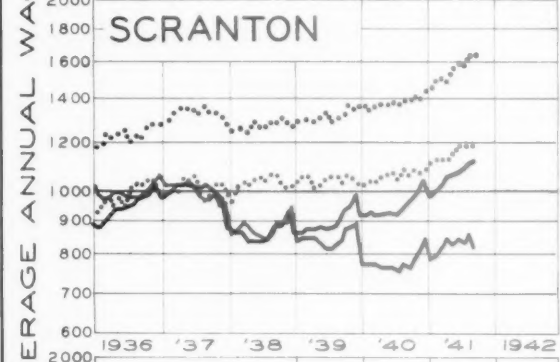
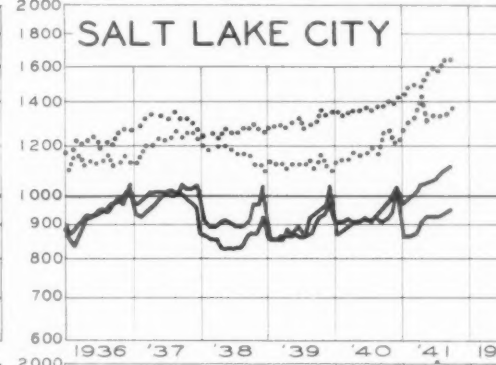
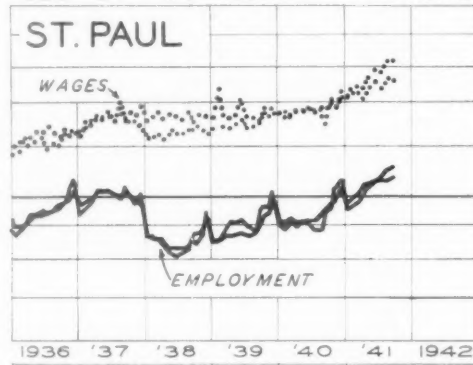
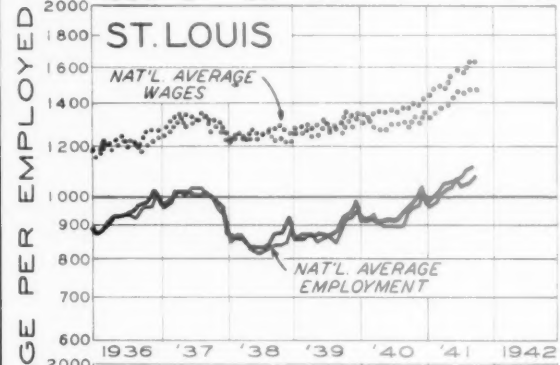
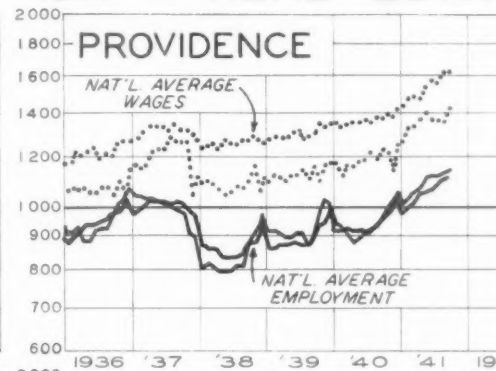
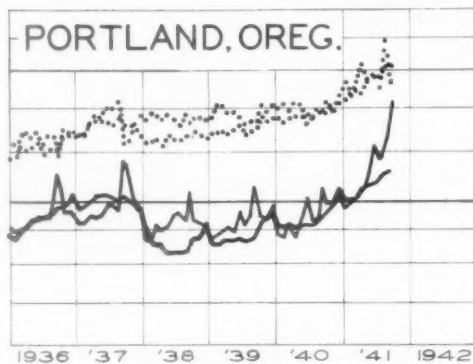
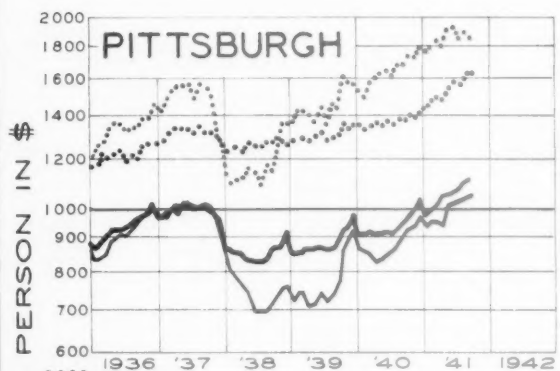
ESTATE ANALYSTS, INC. ~ SAINT LOUIS





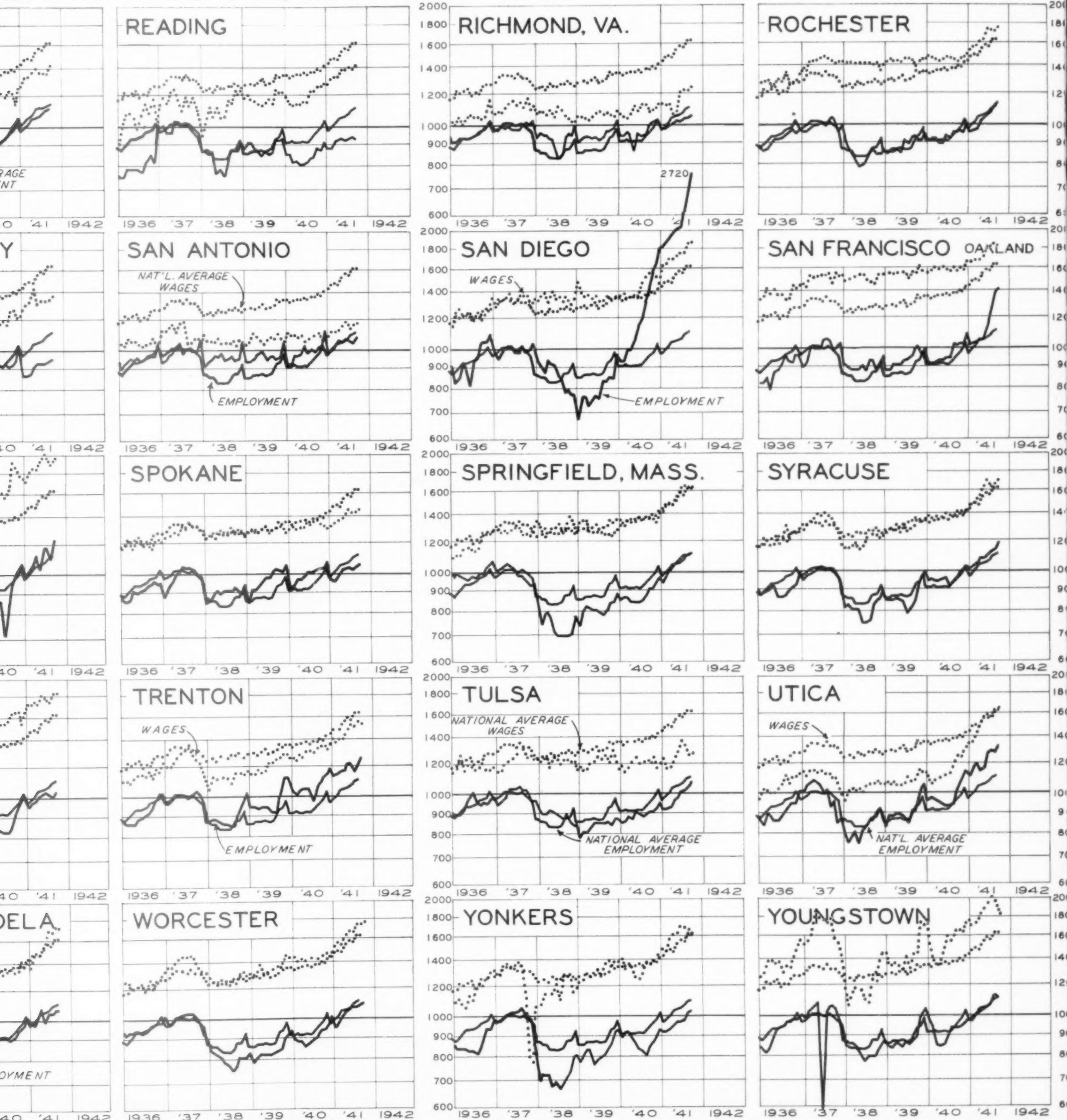
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ANNUAL WAGE IN 83 METROPOLITAN AREAS

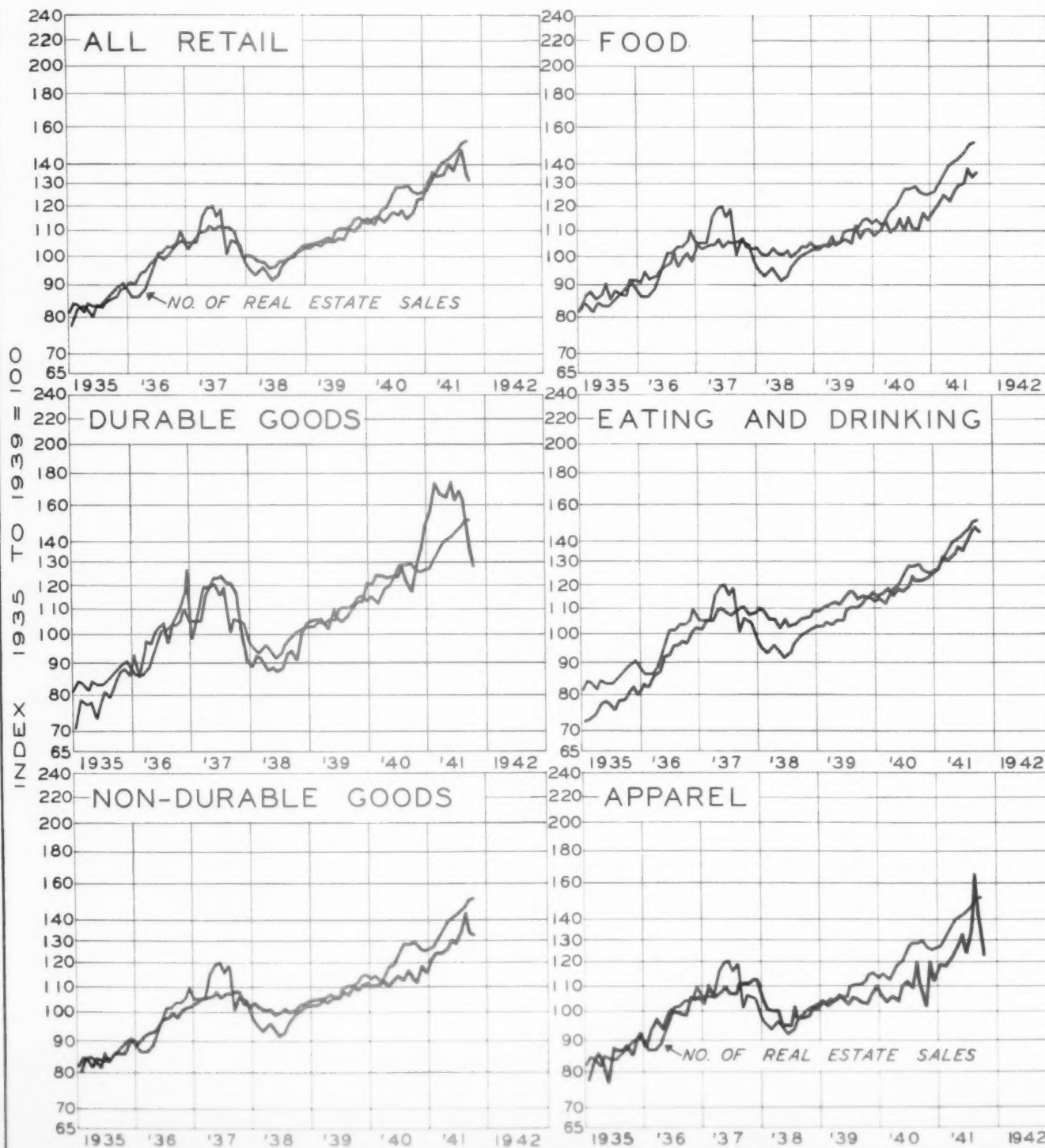
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REAL ESTATE SALES COMPARED WITH RETAIL SALES

THE Department of Commerce has published index series on various types of retail sales. These indexes are all based on dollar figures, are corrected for seasonal influences and are expressed as percentages above or below the average of the years 1935 to 1939. In an effort to see how much dif-

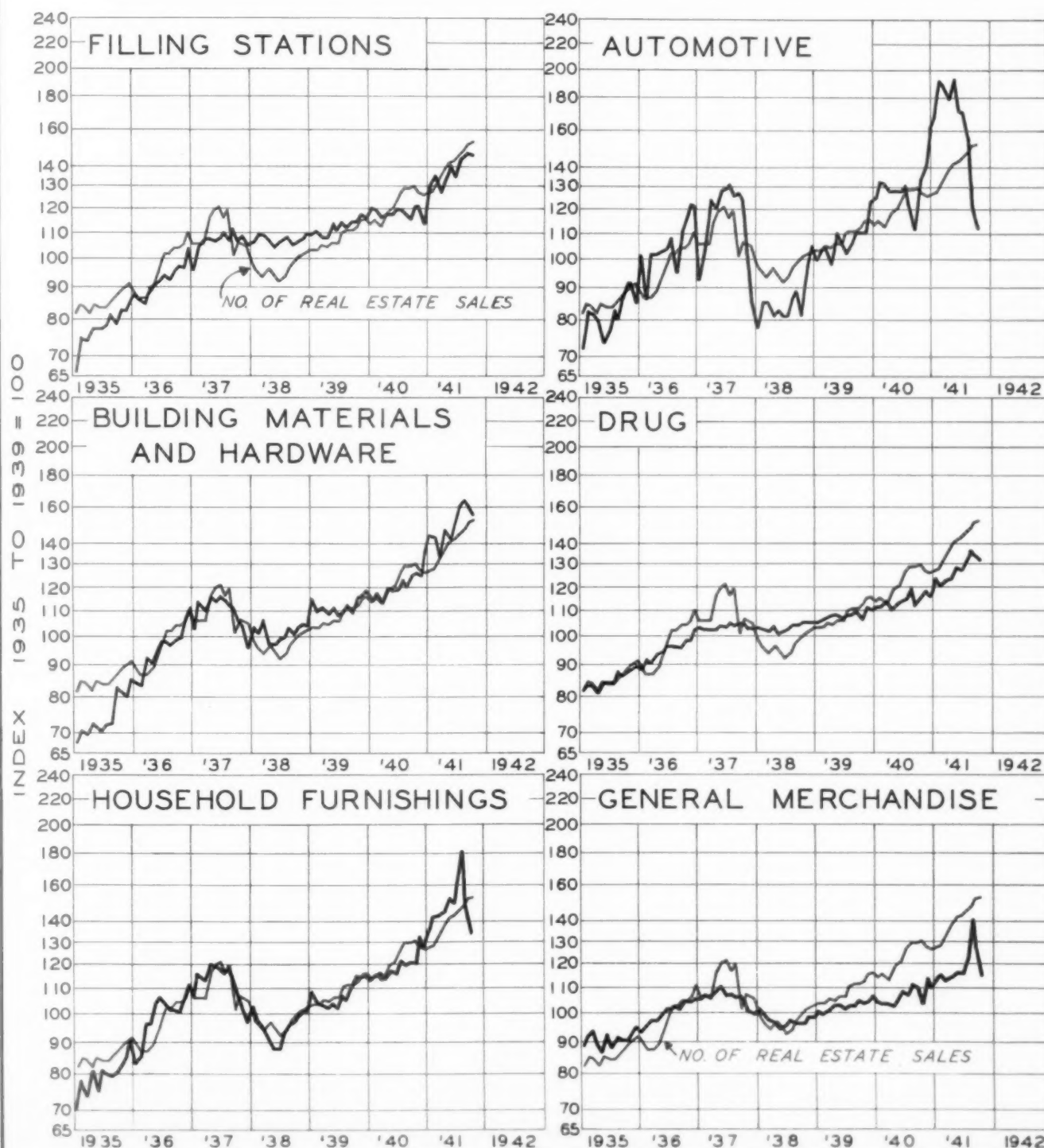
ference there has been in the general trends of retail sales during this period and the variations in the number of sales of real estate, we have converted our index to the same base used by the Department of Commerce and have charted them together on the charts below and on the page opposite. On each of these



The first chart shows the comparison of all retail sales with the sales of real estate. It will be noticed that there is a rather remarkable similarity in the two lines. There is not nearly so great a similarity between the sales of

charts the black line indicates the fluctuations of retail sales while the red line shows the variation in the number of sales of real estate.

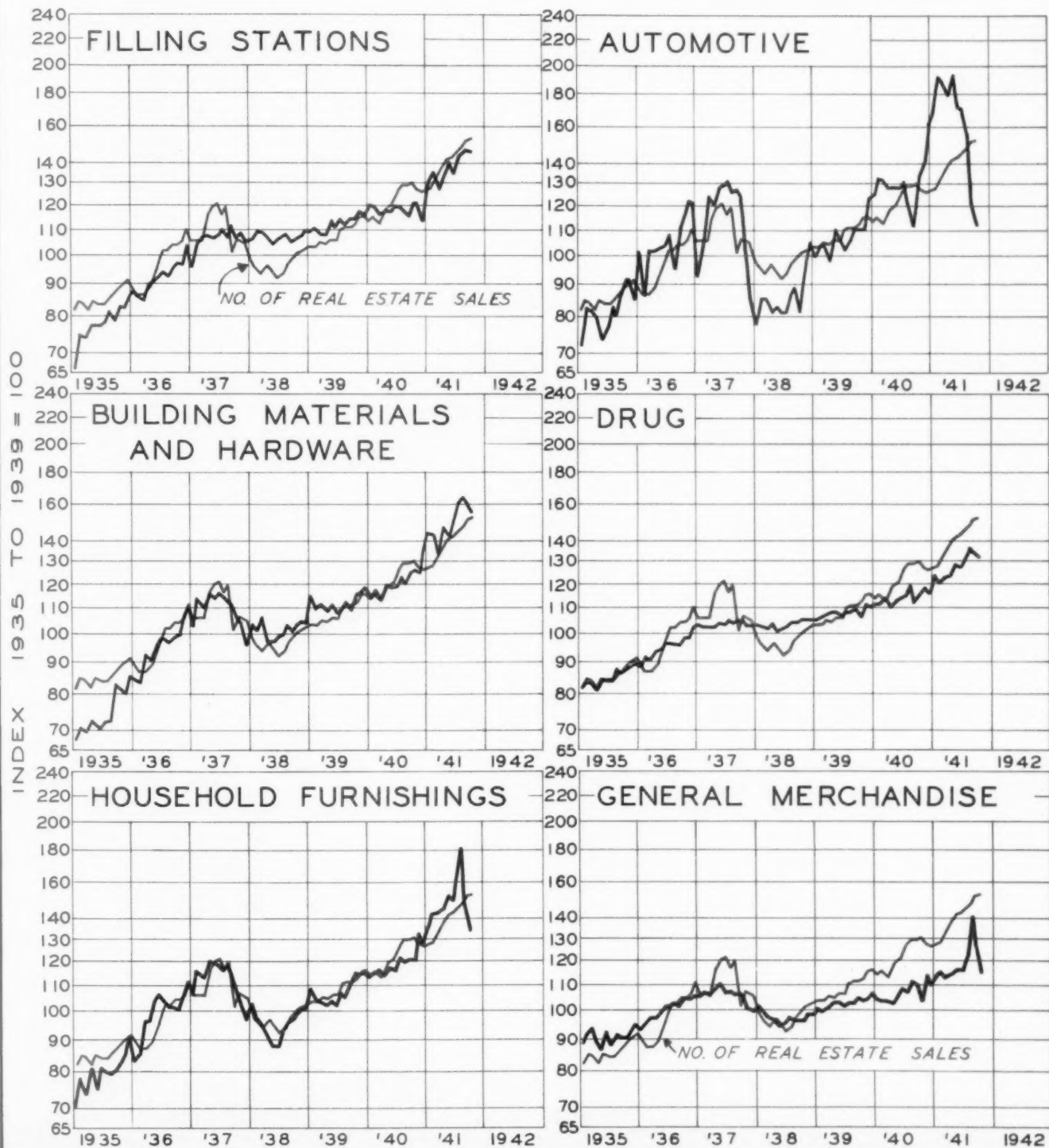
real estate and the sales of durable goods shown on the second chart. In the early part of 1941 the sales of durable goods went far ahead of real estate because of priorities; they are now dropping far behind. Non-durable goods have been more similar to real estate - but with a pronounced tendency to lag since the middle of 1939. The greatest divergence is between the sales of autos and real estate.

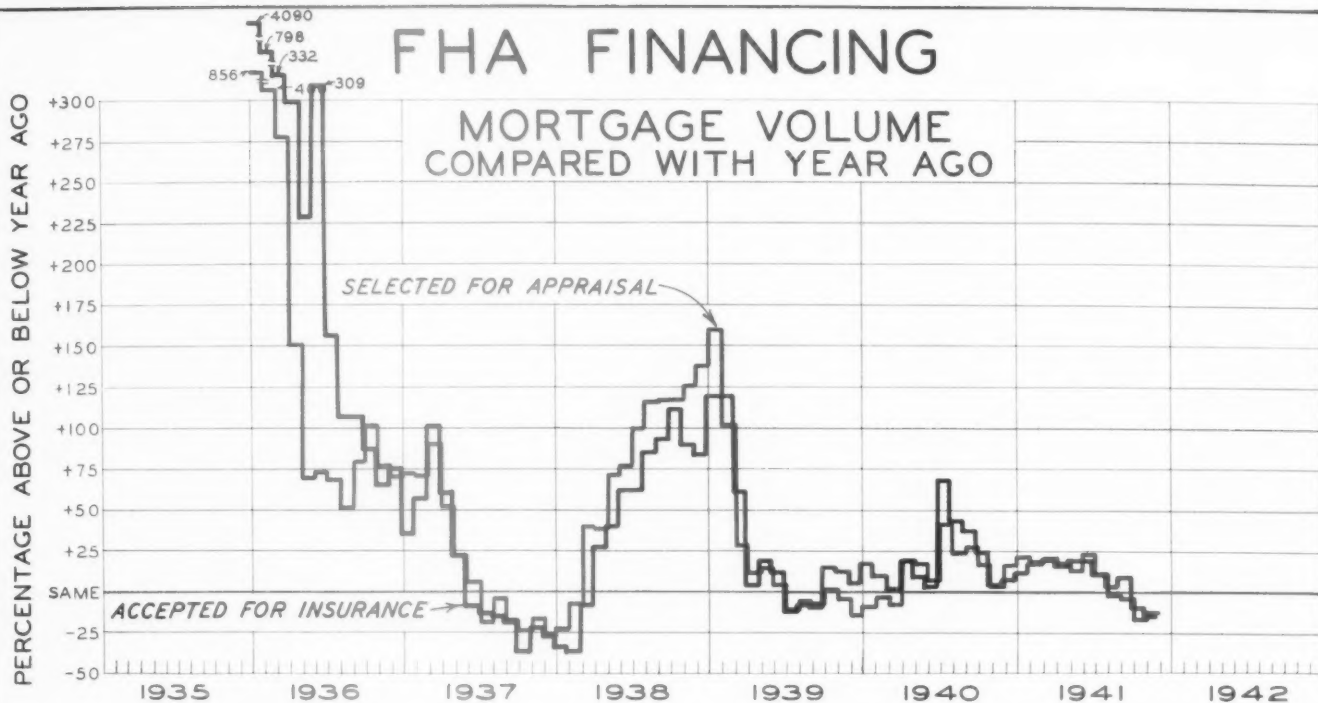


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BUILDING COSTS OF A STANDARD SIX ROOM FRAME RESIDENCE BUILT IN ST. LOUIS

The chart on p. 127 of the August 1940 Real Estate Analyst shows the variations in the costs of materials, labor and overhead for a six room frame residence in St. Louis. Floor plans and a picture of the house are shown with the chart. Costs are grouped into four classifications of material, four of labor and three of overhead. A further breakdown of these groups is given in detail below. Columns of the table are numbered, and a brief description of the items included in Group A:

- (1) Mason Materials: Cement, sand, gravel, quick lime, hydrated lime, hard wall plaster, face and common brick, fire brick, flue lining. Labor.
- (2) Tile Materials: 4 1/2 x 4 1/2 wall tile, ceramic floor tile, cap and base. Labor.
- (3) Unfinished Lumber: Columns, beams, floor and ceiling joists, interior and exterior studs, rafters, bracing, etc. Labor.
- (4) Finished Lumber: Sub-flooring, smoothing, beveled siding, finished floors, asphalt shingle roofing, roofing felt, tar paper, shutters, etc. Labor.
- (5) Mill Work: Windows, doors, trim, kitchen cabinet, stairs. Labor.
- (6) Heating: Boiler, insulating jackets, fittings, tools, pipes, connections, valves and radiators. Labor.
- (7) Plumbing: Soil pipes and connections, stack, water pipe and connections, lead pipes and bathroom fixtures, hot water heater and tank

each is given in the paragraphs below. Paragraphs are numbered to correspond with the columns described. Building material costs are printed in black; the corresponding labor items are given in red. Overhead items - columns 13, 14, and 15 are also printed in black.

*No labor items are shown in column 13, Building Hardware, as they have already been included in column 5, Mill Work.

to be furnished by others. Labor.

Group B:

- (8) Sheet Metal: Copper gutters, downspouts, flashing. Labor.
- (9) Electrical Work: Main switch, BX cable, switch boxes, receptacles, transformer, etc. No fixtures included. Labor.
- (10) Nails and Hardware: Common and wire nails, bolts, dumper, ash doors, finish hardware.
- (11) Paint Materials: White lead, linseed oil, turpentine. Labor.
- (12) Misc.: Metal & wood laths, corner bead, insulation. Labor.

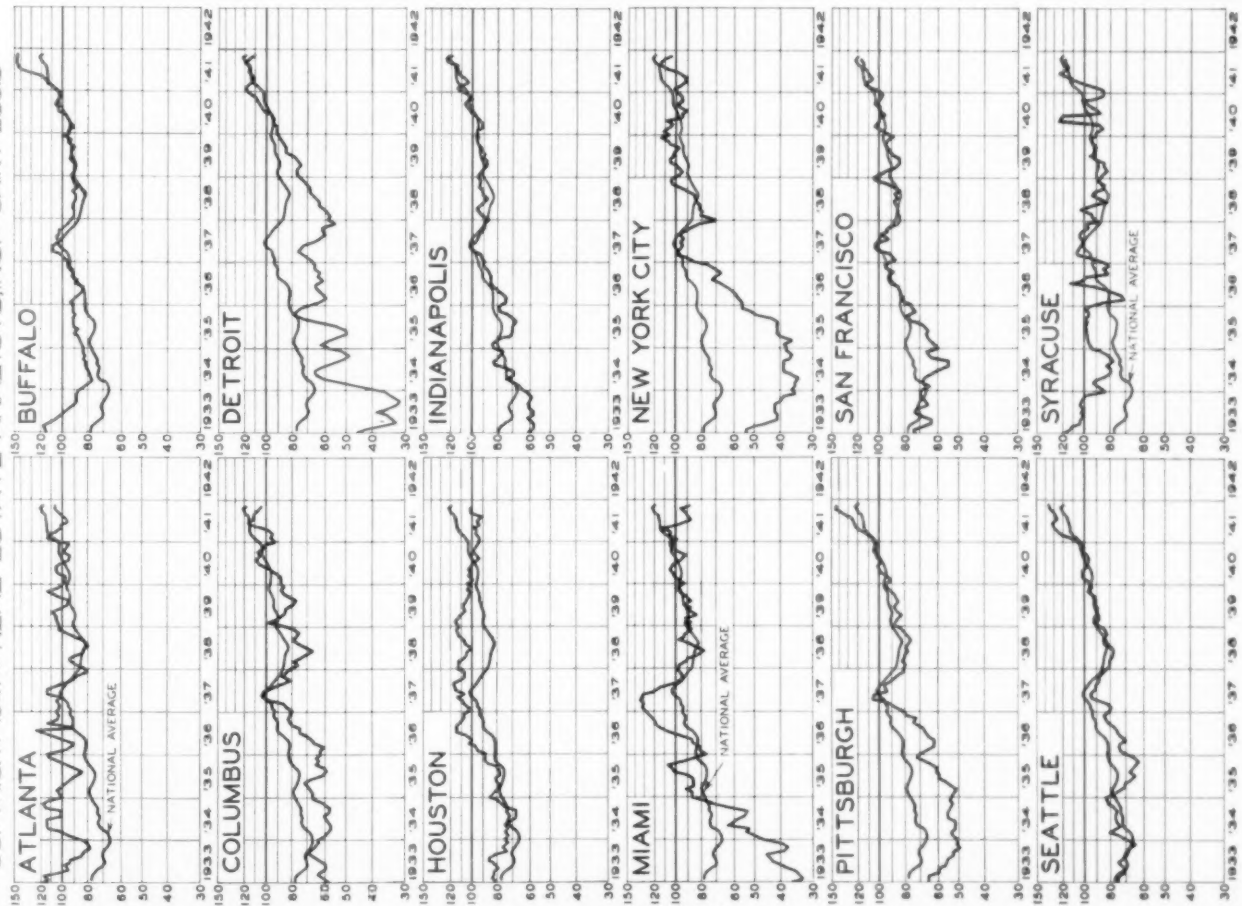
Group C:

- (13) Overhead and profit of subcontractors in plastering, metal work, heating, plumbing, electrical work and tile work.
- (14) General contractor's profit.
- (15) Missouri sales tax (now 2% on materials), old age and unemployment tax (federal and state), liability and employees' compensation insurance, fire and tornado insurance, completion bond.
- (16) TOTAL CONSTRUCTION COST.

YEAR	GROUP A			GROUP B			GROUP C			GROUP D			GROUP E			TOTAL
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
Jan 1937	\$508	\$12	\$67	\$186	\$245	\$221	\$160	\$134	\$22	\$57	\$104	\$53	\$10	\$28	\$289	\$6047
Apr 1937	508	508	67	186	245	221	160	134	22	57	104	53	10	28	289	6042
Jul 1937	519	121	67	186	245	221	160	134	22	57	104	53	10	28	289	6042
Oct 1937	510	121	67	186	244	221	160	134	22	57	104	53	10	28	289	6042
Jan 1938	428	121	67	186	210	189	160	134	48	19	26	57	68	24	88	5946
Apr 1938	428	121	67	186	210	189	160	134	48	19	26	57	68	24	88	5946
Jul 1938	428	121	67	186	210	189	160	134	48	19	26	57	68	24	88	5946
Oct 1938	417	121	67	186	185	167	160	134	48	17	26	57	68	26	88	5942
Jan 1939	417	121	77	184	185	167	160	134	48	17	27	57	68	28	88	5942
Apr 1939	561	121	77	184	184	198	160	134	48	19	26	57	68	30	116	5926
Jul 1939	561	121	77	184	184	198	160	134	48	19	26	57	68	30	116	5926
Oct 1939	561	121	77	184	184	198	160	134	48	19	26	57	68	30	116	5926
Jan 1940	538	121	77	184	185	195	160	134	48	17	27	57	68	30	93	5916
Apr 1940	538	121	77	184	185	195	160	134	48	17	27	57	68	30	93	5916
Jul 1940	538	121	77	184	185	195	160	134	48	17	27	57	68	30	93	5916
Oct 1940	556	121	77	184	185	195	160	134	48	17	27	57	68	30	93	5916
Jan 1941	556	121	77	184	185	195	160	134	48	17	27	57	68	30	93	5916
Apr 1941	556	121	77	184	185	195	160	134	48	17	27	57	68	30	93	5916
Jul 1941	556	121	77	184	185	195	160	134	48	17	27	57	68	30	93	5916
Oct 1941	542	121	86	184	185	197	160	134	48	17	27	57	68	30	93	5916
Jan 1942	542	121	86	184	185	197	160	134	48	17	27	57	68	30	93	5916
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Jul 1943	640	121	86	182	243	219	160	134	48	19	27	58	66	30	104	6038
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Oct 1956	640	121	86	182	243	219	160	134	48	19	27	58	66	30	104	6038
Jan 1957	640	121	86	182	243	219	160	134	48	19	27	58	66	30	104	6038
Apr 1957	640	121	86	182	243	219	160	134	48	19	27	58	66	30	104	6038
Jul 1957	640	121	86	182	243	219	160	134	48	19	27	58	66	30	104	6038
Oct 1957	640	121	86	182	243	219	160	134	48	19	27	58	66	30	104	6038
Jan 1958	640	121	86	182	243	219	160	134	48	19	27	58	66	30	104	6038
Apr 1958	640	121	86	182	243	219	160	134	48	19	27	58	66	30	104	6038
Jul 1958	640	121	86	182	243	219	160	134	48	19	27	58	66	30	104	6038
Oct 1958	640	121	86	182	243	219	160	134	48	19	27	58	66	30	104	6038
Jan 1959	640	121	86	182	243	219	160	134	48	19	27	58	66	30	104	6038
Apr 1959	640	121														

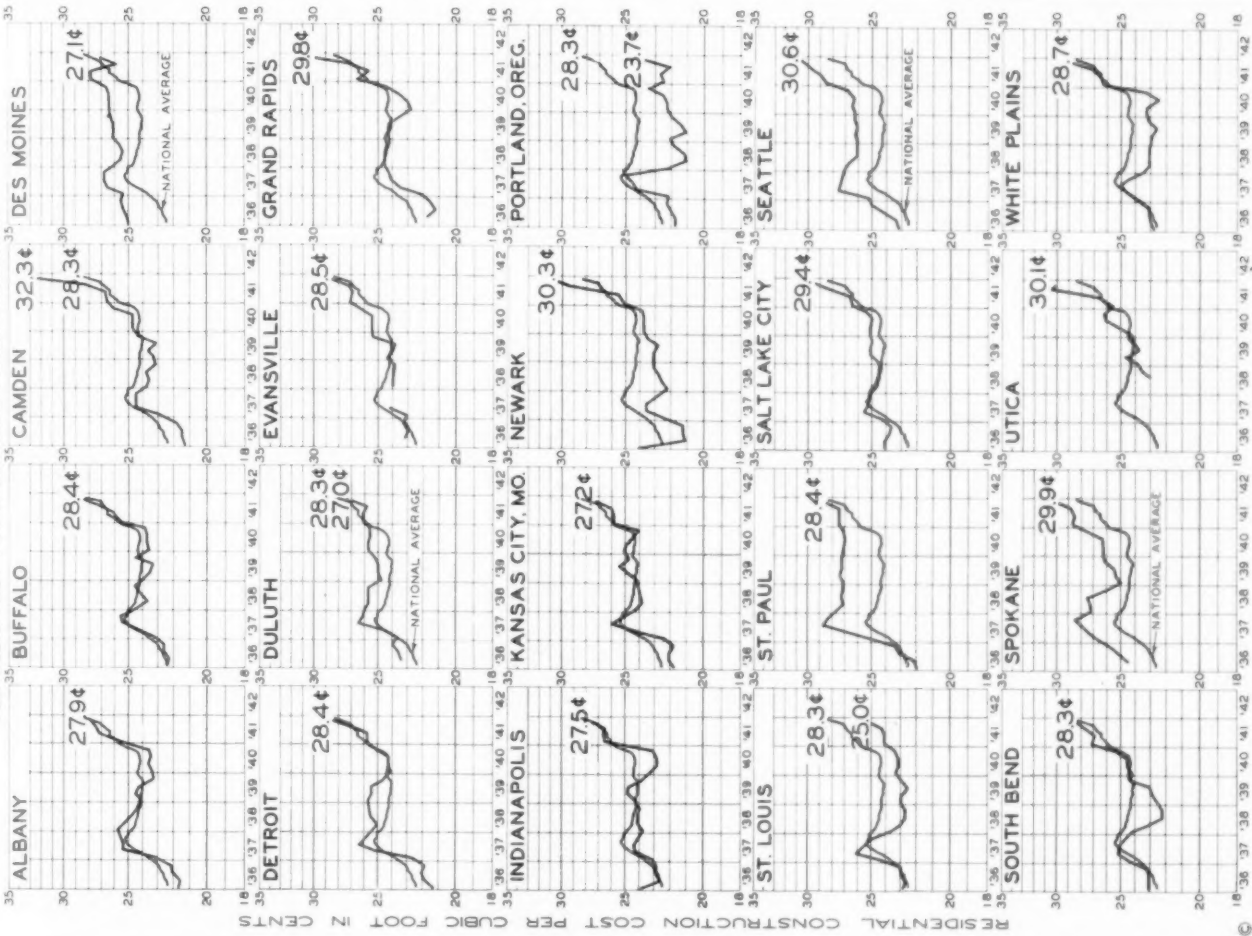
REAL ESTATE TRANSFERS IN PRINCIPAL CITIES

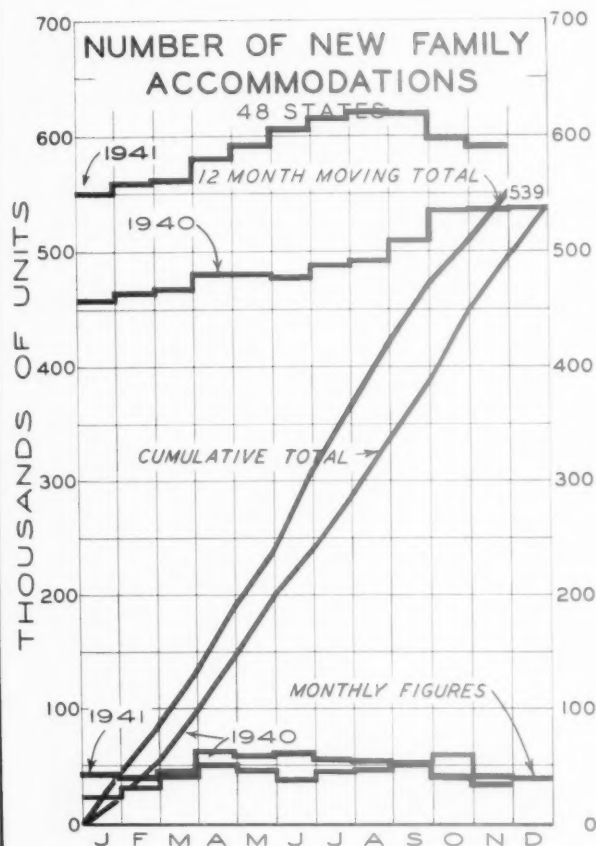
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RESIDENTIAL CONSTRUCTION COSTS

PER CUBIC FOOT FOR A SIX-ROOM FRAME RESIDENCE



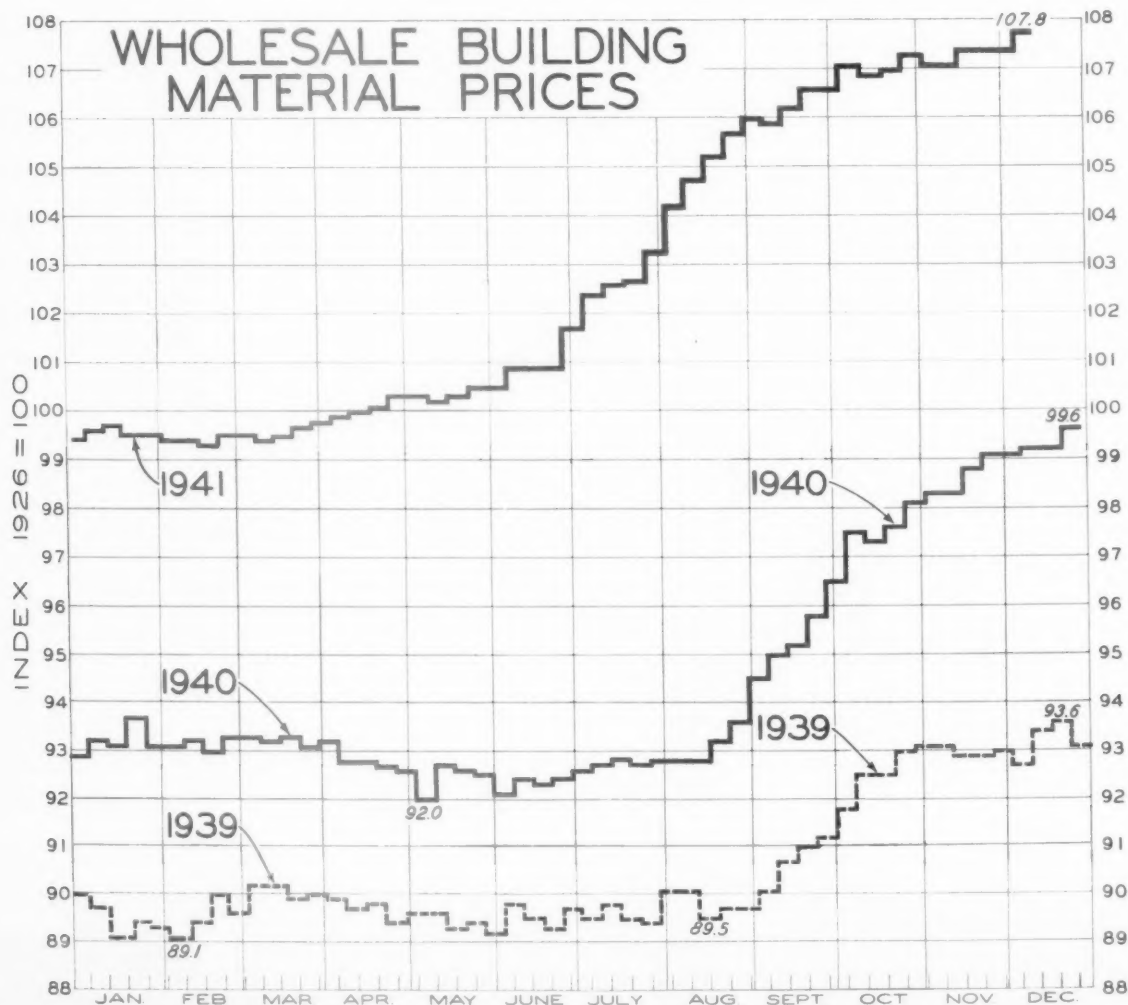


DWELLING UNITS CONSTRUCTED IN 48 STATES
(in thousands of units)

	Monthly			Cumulative			12 Month Moving Total		
	1939	1940	1941	1939	1940	1941	1939	1940	1941
January	30.1	25.7	40.4	30.1	25.7	40.4	345	461	553
February	29.2	33.7	40.2	59.3	59.4	80.6	359	465	560
March	39.4	42.0	45.9	98.7	101.4	126.5	375	468	564
April	36.6	51.1	63.6	135.3	152.5	190.1	386	482	576
May	49.6	49.1	57.9	184.9	201.6	248.0	409	482	585
June	40.6	38.8	61.5	225.5	240.4	309.5	422	480	608
July	38.1	48.9	57.0	263.6	289.3	366.5	423	491	616
August	46.2	49.4	54.8	309.8	338.7	421.3	435	494	621
September	35.7	53.0	52.1	345.5	391.7	473.4	435	511	620
October	36.1	62.4	42.2	381.6	454.1	515.8	439	537	600
November	42.5	42.7	36.5	424.1	496.8	552.3	450	538	594
December	40.9	41.9		465.0	538.7		465	539	

THE number of new family accommodations built in all non-farm communities of the 48 states and the District of Columbia is shown in the table above and on the chart to the left. Cumulative totals and twelve month moving totals for 1940 (black) and 1941 (red) are given.

Shown on the chart below, wholesale building material prices—charted by weeks—as compiled by the Bureau of Labor Statistics, are now moving sideways.





DECEMBER 26
1941

EXECUTIVE DIGEST

OF THE CURRENT REAL ESTATE ANALYST REPORTS

REAL ESTATE ANALYSTS, INC.

Real Estate Economists, Appraisers and Counselors

Roy Wenzlick
Editor

VOLUME X

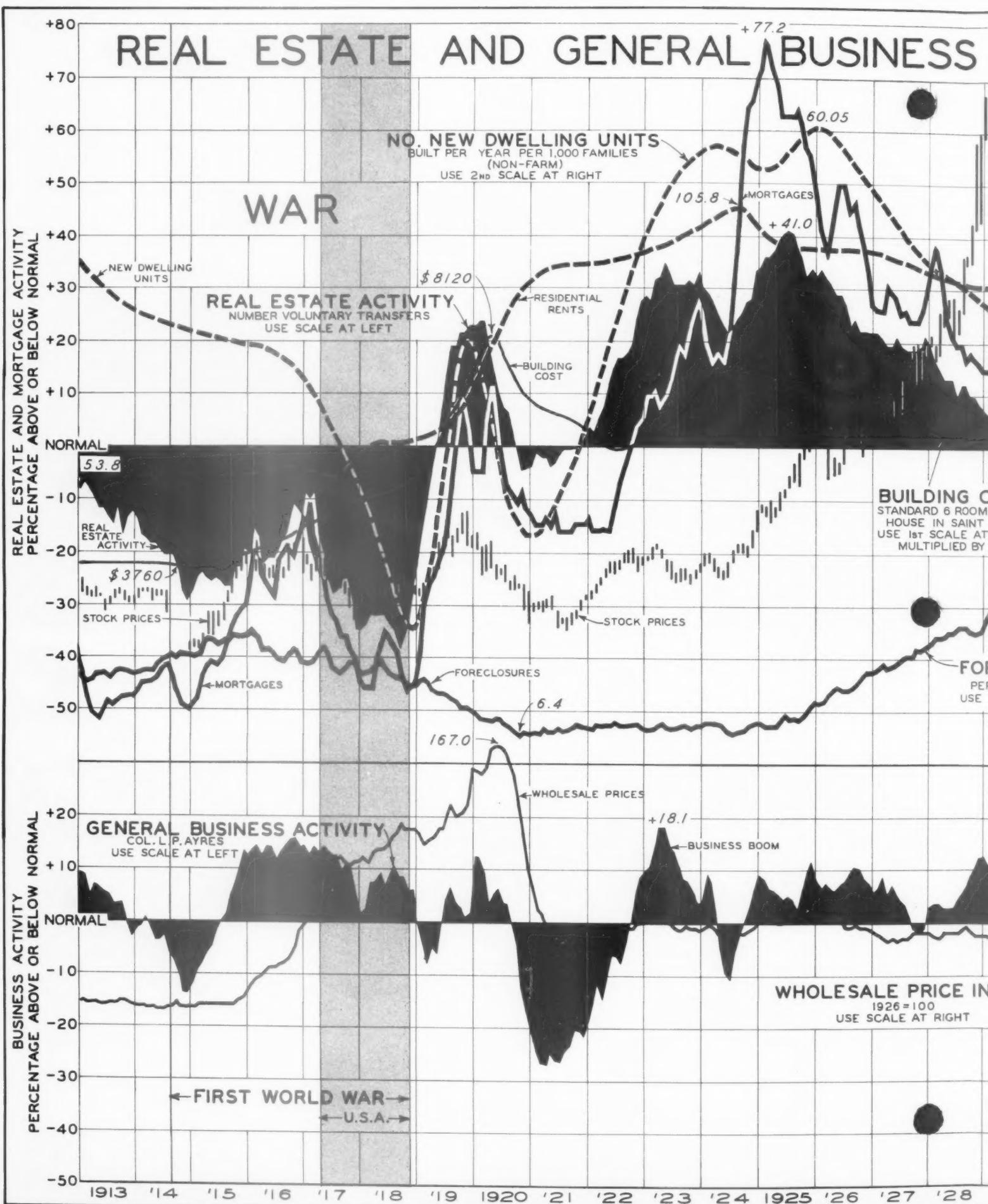
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BECAUSE war is going to change many real estate trends, we are starting with this issue of the Executive Digest the publication of a detailed chart showing most of the barometers we compile, from 1913 to the present. During the period of rapid change this chart will form the center spread in the Digest each month, making it possible to determine currently the effect of the war. We are now entering a period in which more than ordinary precaution must be taken to operate successfully. A knowledge of the basic trends is going to determine the ability to outguess values far more than is a detailed knowledge of a particular neighborhood. Just as the great changes which came to real estate from 1914 to 1925 were not primarily dependent on local happenings, so the changes which will come from 1942 to 1947 will come as a result of factors entirely beyond the control of the local community.

REAL ESTATE ACTIVITY For the first time this year real estate activity shows a drop in comparison with the preceding month. The final index figure for October was 23.6% above the computed normal for the month. November dropped to 19.5% above. It must be remembered that the attack on Pearl Harbor did not occur until December 7 and none of the effects of the actual participation in the war will be apparent on these figures until the final data for December are available. We think that real estate activity is going to show a marked drop during the next few months. Until the draft status of younger married men is clarified, many young couples who would otherwise start a home of their own will defer action. The purchase of real estate as an inflation hedge will not be sufficient in the meantime to offset this loss of sales.

REAL ESTATE MORTGAGES The volume of real estate mortgages will be down in the period immediately ahead, as mortgage volume depends on new construction and price changes in real estate. The type of construction which in the past has furnished the greater part of the mortgage volume will be lower next year than this and the increase in real estate prices will not be great enough to offset this drop in volume. The line shown on our chart is based on the number of new mortgages recorded in the principal cities.

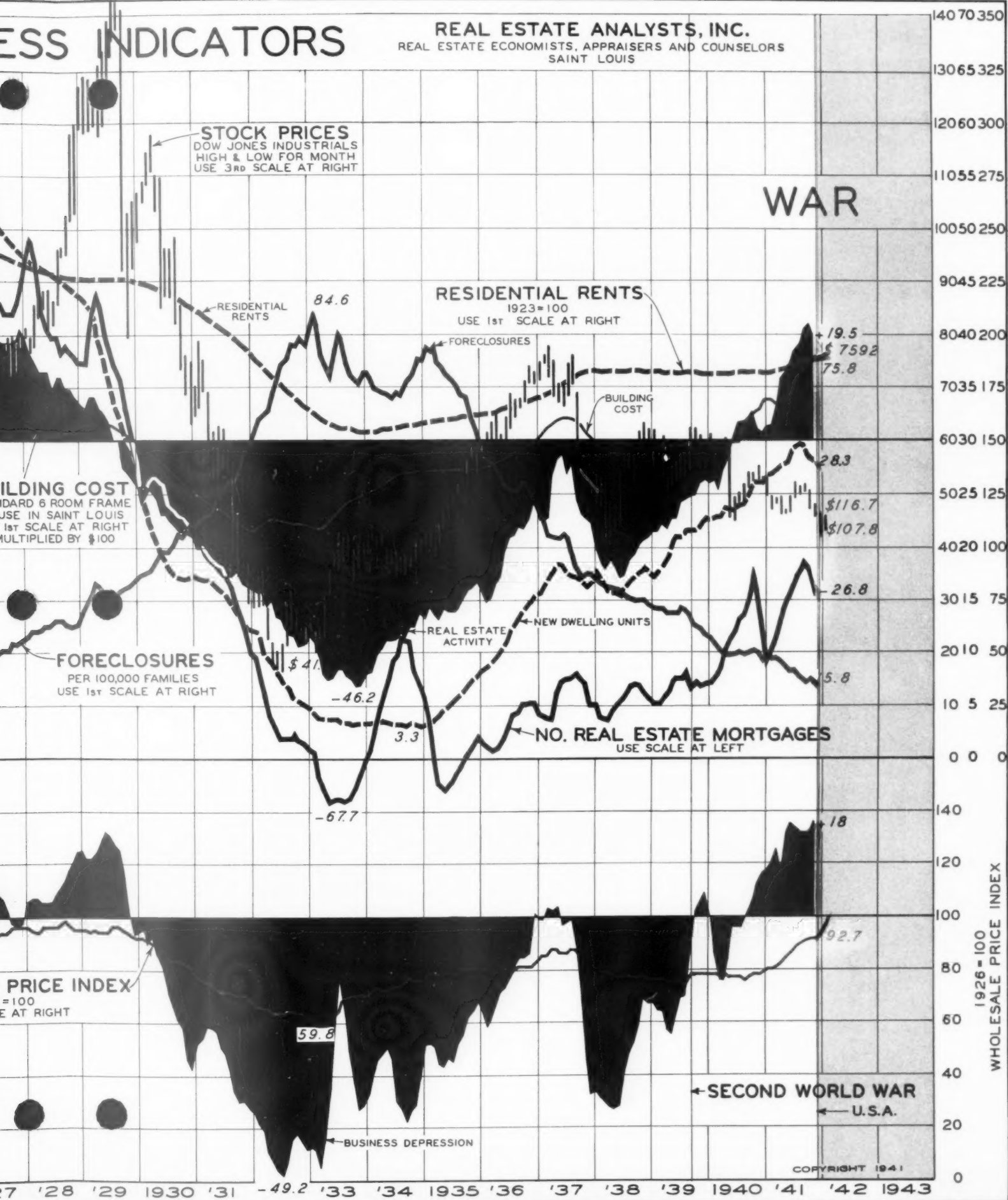
NEW DWELLING UNITS It is quite surprising to most people to find that the volume of residential building in the U.S. during 1941 was not particularly high in comparison with the volume of the nineteen twenties. On the chart, expressed as the number of new dwelling units constructed per month for each ten thousand families, the rate in 1941 was approximately half the rate in 1926. The rate will drop further in 1942 because of the restrictions on non-defense building.



\$ 381.17

ESS INDICATORS

REAL ESTATE ANALYSTS, INC.
REAL ESTATE ECONOMISTS, APPRAISERS AND COUNSELORS
SAINT LOUIS



GENERAL BUSINESS

General business activity has increased markedly since the beginning of the defense program, but it is reaching a point where the increases will be much slower than they have been in recent months. In the initial part of the defense activity, expansion of business was coming from the employment of unused capacity. The greater part of further increases must come from additions to capacity and these additions take time to make. Business activity for November was 18% above the computed normal.

COMMON STOCKS

The average price of the industrial stocks in the Dow-Jones average is charted against the real estate cycles of our chart. On this chart the high and low for each month is indicated by the length of the bar. It will be noticed that the highest point was reached in 1929 with an average of \$381.17 a share. The low during December of \$107.80 is the lowest since 1938. The increased volume of business has not been reflected in increased stock prices because of the very much higher taxes.

RESIDENTIAL RENTS

Residential rents have been rising slightly in the past year. The rise has not been so rapid as the rise in any of the other standard barometers, such as wage rates, general prices, cost of living, etc. In comparison with the levels of the twenties rents are still quite low.

FORECLOSURES

The foreclosure rate on our chart is expressed as the number of foreclosures per month per one hundred thousand families. Foreclosures are relatively low at the present time. We think the rate will rise slightly during the war, as there will be many properties which will be unusable for the duration and which the owners will let go under the mortgages.

BUILDING COST

The building cost shown on the chart is the cost of building the standard six-room frame house in St. Louis. This is the only cost figure of its kind in the United States that refigures as nearly as possible the same house from 1913 to the present. Every effort has been made to make this study accurate. All items of material, labor and overhead going into the building are separately priced each month on exactly the same basis as if the house were to be built that month. It will be noticed that there has been little change in the last few months. In September, October and November the cost was \$7584. In December it rose to \$7592. Next year will see costs starting to rise again.

WHOLESALE PRICES

The index used here is the one prepared by the Bureau of Labor Statistics in Washington. It is based on almost 800 items, priced each month. It is usually considered to be the best index available for the general price level. It will be noticed that prices are now back at the 1930 level with strong prospects of rising considerably in the next few years. The effect of the first World War on prices is quite striking. Every great war has had the same effect.

